

REGISTERED BY ME ON

2023/03/24

REGISTRAR OF MEDICAL SCHEMES

FEDHEALTH MEDICAL SCHEME

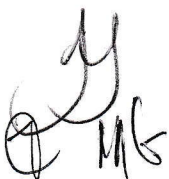
MAIN RULES

**(With effect from 1
August 2022)**

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FEDHEALTH MAIN RULES

1. NAME

The name of the Scheme is Fedhealth Medical Scheme, hereinafter referred to as the "Scheme". The abbreviated name is "Fedhealth".

2. LEGAL PERSONA

The Scheme, in its own name, is a body corporate, capable of suing and of being sued and of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of the Medical Schemes Act and regulations and these Rules.

3. REGISTERED OFFICE

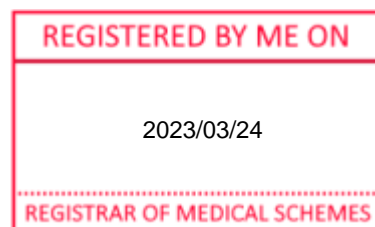

The registered office of the Scheme is situated at 37 Conrad Drive, Florida North, but the Board may transfer such office to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these Rules, a word or expression defined in the Medical Schemes Act, 1998, (Act No. 131 of 1998) bears the meaning thus assigned to it and, unless inconsistent with the context -

- (a) a word or expression in the masculine gender includes the feminine;
- (b) a word in the singular number includes the plural, and *vice versa*;
- (c) the following expressions have the following meanings:

- 4.1 "Act", the Medical Schemes Act 131 of 1998, , and (the regulations framed thereunder as amended from time to time;) including any regulations under Section 67 thereof
- 4.2 "administrator", any person or body appointed to administer the Scheme in terms of Rule 18.4;
- 4.3 "admission date", the date on which a person becomes a member, or in respect of a dependant, the date on which such dependant is admitted as a dependant in terms of these Rules and in the case of an employer, the date on which such employer participates in the Scheme in terms of these Rules;
- 4.4 "adult dependant", a dependant who has reached the age of 21 in terms of these rules;
- 4.5 "annual limit", the maximum benefits to which a member and his registered dependants are entitled in terms of these Rules, and shall be calculated annually to coincide with the financial year of the Scheme;
- 4.6 "approval", prior written approval by the Board of Trustees or its authorised representative;
- 4.7 "auditor", An individual or firm that is a registered auditor as defined in Section 1 of the Auditing Professional Act, 2005 and authorised by the Registrar;
- 4.8 "authorisation"

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in the case of hospitalisation - the authorisation by or on behalf of the Scheme for a case to be managed under the hospital benefit management programme and for which application has been made by or on behalf of a beneficiary prior to admission to a hospital or day clinic or for such other specific services and or procedures as may be determined by these Rules from time to time and such authorisation shall be deemed to authorise all procedures and services as may be necessary during the stipulated period;

- (ii) in the case of medication - the authorisation of a medicine prescribed for a chronic medical condition based on the reimbursement guidelines set by the chronic medication programme or disease management programme;

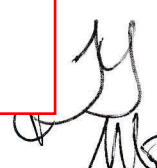
- 4.9 “beneficiary”**, a member or a person admitted as a dependant of a member;
- 4.10 “benefits”**, the amount payable and/or medical services provided in terms of these Rules to a beneficiary;
- 4.11 “benefit option”**, shall mean a separately administered and accounted option, providing for distinct contributions and benefits as set out in the respective annexures to these Rules;
- 4.12 “benefit year”**, shall mean the financial year, provided that in the case of a person admitted to membership during a benefit year, the benefit year shall be the period commencing on the date of admission to membership and ending on the last day of the benefit year;
- 4.13 “BHF”**, the Board of Healthcare Funders of Southern Africa;
- 4.14 “Biological drugs”**, a biological drug is a substance that is made from a living organism or its products and is used in the treatment of cancer and other diseases. Biological drugs include antibodies and interleukins;
- 4.15 “Board”**, the Board of Trustees constituted to manage the Scheme in terms of the Act and these Rules;
- 4.16 “case”**, the treatment of a sickness condition required on an admission of a beneficiary to a hospital or day clinic and for any ongoing treatment stipulated under the hospital benefit management programme;
- 4.17 “child”**, a member's natural child, or a stepchild or legally adopted child or a child who has been legally placed in the custody of the member or his spouse or partner;
- 4.18 “child dependant”**, a dependant who is under the age of 21 or older if he/she is permitted under the rules of the medical scheme to be a child dependant;
- 4.19 “condition specific waiting period”**, a period not exceeding 12 months during which a beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made;



FEDHEALTH MAIN RULES

- 4.20 “constituent body”**, any person or association of persons whether incorporated or not who applies for participation and is accepted in terms of these Rules;
- 4.21 “continuation member”**, a member who retains his/her membership of the Scheme in terms of Rule 6.2 or a dependant who becomes a member of the Scheme in terms of Rule 6.3;
- 4.22 “contribution”**, amount payable, by a member on a monthly basis as membership fee for the member and their registered dependants, to the medical scheme, in return for medical coverage and in accordance with a payment structure in Annexure A of these rules, for the purpose of qualifying for benefits offered by the medical scheme in terms of its rules.
- 4.23 “co-payment”**, that percentage of an admitted claim by a member or a specific amount in relation to such claim that the member concerned shall be required to pay;
- 4.24 “cost”**, in relation to a benefit, the net amount or final amount payable in respect of a relevant health service;
- 4.25 “Council”**, the Council for Medical Schemes established by Section 3 of the Medical Schemes Act;
- 4.26 “creditable coverage”**, any period during which a late joiner was;
- a) a member or a dependant of a medical scheme;
 - b) a member or a dependant of an entity doing the business of a medical scheme which, at the time of his/her membership of such entity, was exempt from provisions of the Act;
 - c) a uniformed employee of the South African National Defence Force; or
 - d) a member or a dependant of the Permanent Force Continuation fund,
 - e) excluding any period of coverage as a dependant under the age of 21 years.
- 4.27 “date of service”**, shall mean:
- a) in the event of a consultation, visit or treatment, the date on which such consultation, visit or treatment took place;
 - b) in the event of an operation, procedure or confinement, the date on which such operation, procedure or confinement occurred;
 - c) in the event of hospitalisation, the date of discharge from a hospital or nursing home, or the date of cessation of membership, whichever date occurs first;
 - d) in the event of any other service, the date on which such service was rendered or required obtained;
- 4.28 “dependant”**,
- (a) a member’s spouse or partner who is not a member or a registered dependant of a member of a medical scheme;
 - (b) a member’s dependent child who is not a member or a registered dependant of a member of a medical scheme;
 - (c) the immediate family of a member in respect of whom the member is liable for family care and support;
 - (d) such other persons who are recognised by the Board as dependants for purposes of these Rules;
 - ~~(e) does not include a divorced spouse~~

Rejected



**FEDHEALTH
MAIN RULES**


- 4.29** “**dependnt**”, in relation to a **child**, a child under the age of 21 who is not in receipt of a regular remuneration of more than the maximum social pension per month or a child who, due to a mental or physical disability, is dependent upon the member;
- 4.30** “**designated service provider**”, a healthcare provider or group of healthcare providers selected by a medical scheme as its preferred service provider or providers to its members’ diagnosis, treatment and care in respect of one or more prescribed minimum benefit conditions.
- 4.31** “**domicilium citandi et executandi**”,
- a) the member’s chosen physical address at which notices of legal process, or any action arising therefrom, may be validly delivered and served;
 - b) the scheme’s registered office in terms of rule 3
- 4.32** “**emergency medical conditions**”, A sudden and at the time, unexpected onset of a health condition that requires immediate medical or surgical treatments, where failure to provide medical or surgical treatment would result in serious impairment of bodily functions or serious dysfunction of a bodily organ or part, or would place the person’s life in serious jeopardy.
- 4.33** “**employee**”, a person in the employment of an employer;
- 4.34** “**employer**”, A participating employer who has contracted with the scheme for the purpose of admitting its employees as members of the scheme.
- 4.35** “**Ex gratia**”, payments in respect of any relevant healthcare services obtained by a beneficiary which does not form part of such a member’s benefit entitlement in terms of the benefit option, that is a concessionary payment exercised at the discretion of the Board and not a right to which members are entitled.
- 4.36** “**extended or chronic medication programme**”, the programme adopted by the Scheme for the management of claims in respect of medicines used by a beneficiary on a long-term basis or for an incurable or life-threatening disease, by applying the principles of clinical appropriateness and cost-effectiveness;
- 4.37** “**extended or chronic medical condition**”, a medical condition requiring ongoing medicine or injection material for a period usually in excess of three months and as defined by the contracted extended or chronic medication programme;
- 4.38** “**Fedhealth Rate**” is defined as the applicable Fedhealth tariffs that are applied for each benefit year.
- 4.39** “**financial year**”, each period of 12 months commencing on 1 January and ending on 31 December;
- 4.40** “**fit and proper**”, the regulatory eligibility of a person to hold an important position of trust in a medical scheme and the regulated entities with whom it contracts, including that person’s character, integrity, competence and ability to do the job;

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- 4.41 “general waiting period”**, a period in which a beneficiary is not entitled to claim any benefits;
- 4.42 “health management programme”**, a programme adopted by the Scheme incorporating such clinical protocols as defined in relevant annexures to the contract between the Scheme and the institution or managed healthcare organisation contracted to perform the management of a relevant health service in order to contain costs or for the ongoing review and monitoring of patients and as set out in paragraph 6 of Annexure D;
- 4.43 “HIV infection management programme”**, (Aid for AIDS), a programme adopted by the Scheme incorporating such clinical protocols as defined in relevant annexures to the contract between the Scheme and the institution contracted to perform such disease management for containing costs and/or ongoing review and monitoring of patients living with HIV infection and AIDS;
- 4.44 “hospital benefit management programme”**, the ongoing monitoring, by or on behalf of the Scheme for a stipulated period, of the treatment of a sickness condition of a beneficiary, and shall include a sickness condition which might occur whilst the beneficiary is in hospital or day clinic or a sickness condition for which the beneficiary was admitted in the first instance and which may extend beyond the period of hospitalisation subject to benefits being available and the application being clinically appropriate and cost-effective;
- 4.45 “immediate family member”**,
- a) a member’s spouse or life partner (~~excluding divorced spouse~~)
 - b) a member’s dependent children
 - c) a member’s legally adopted children; or
 - d) the member’s siblings and parents in respect of whom the member is liable for family care and support
- 4.46 “income”**, for the purposes of calculating the contribution in respect of the member the basic monthly earnings in the form of a salary, commission, pension or any other fixed income, or a member who registers a spouse or partner as a dependant, the higher of the member or spouse’s or partners earnings.
- 4.47 “individual member”**, any person who does not participate in the Scheme within a registered group and who is recognized by the Scheme as having individual status;
- 4.48 “late joiner”**, an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding 3 consecutive months since 1 April 2001;
- 4.49 “Life Changing Event”**, shall mean the member’s divorce, marriage, pregnancy retrenchment, change of employment, death or initial onset of dread disease, which will have a severe financial impact on the member;
- 4.50 “medicine”**, any medicine as defined by, and registered in terms of, the Medicines and Related Substances Control Act, No 5 of 1965, as amended from time to time.

Rejected

- 4.51** “**medicine designated price**”, the maximum reimbursable price for a medicine or group of medicines according to the medicine price list;
- 4.52** “**medicine price list**”, a list prepared by the health management programme containing the maximum reimbursable price of specified medicines;
- 4.53** “**member**”, a person who has been enrolled or admitted as a member of a medical scheme, or who, in terms of these rules of a medical scheme is a member of such medical scheme;
- 4.54** “**member family**”, the member and all the registered dependants;
- 4.55** “**negotiated fee**”, a fee agreed to between the Scheme and providers of service in respect of consultations;
- 4.56** “**negotiated professional charge**”, a charge agreed to between the Scheme and dispensers and preferred providers in respect of the dispensing of registered medicines;
- 4.57** “**partner**”, a person with whom the member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party;
- 4.58** “**payment in full**”, in relation to a prescribed minimum benefit (PMB), means payment according to the service provider’s invoice (i.e. costs) for relevant healthcare services rendered, subject to the use of protocols and regulations pertaining to PMB
- 4.59** “**Personal Medical Savings Account (PMSA)**”, a savings account provided to a member within a benefit option, which a scheme allocates an amount not exceeding 25% of total contributions to a member at the beginning of the year, where after the member repays the amount back to the scheme through a portion of his/her monthly contributions.
- 4.60** “**pre-existing sickness condition**”, a sickness condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made;
- 4.61** “**preferred provider**”, a provider of services or a group of providers of services contracted to the Scheme to deliver quality health care services and to participate in the managed health care process of beneficiaries;
- 4.62** “**prescribed minimum benefits**”, benefits contemplated in Regulation 7 of the Act which are available to beneficiaries on all registered options;
- 4.63** “**prescribed minimum benefit condition**”, a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition (Regulation 7);
- 4.64** “**prescription**”, all the medicine that a medical or dental practitioner or other person legally authorised to do so prescribes at one time for one person for the sickness condition under treatment;



- 4.65** “**prosthesis**”, a fabricated or artificial substitute for a diseased or missing part of the body, surgically implanted, and shall be deemed to include all components, forming an integral and necessary part of the device so implanted, and shall be charged as a single unit. This also includes urinary, cardiac and vascular stents and grafts, as well as all electronic implantable devices, spinal instrumentation and fixators (including external fixators);
- 4.66** “**recommended tariff**”, the scale of fees in respect of optometric services determined by the South African Optometric Association, as published by that Association from time to time; or a tariff of fees negotiated by or on behalf of the Scheme with a supplier of service; and where there is no such tariff, the tariff agreed by the Board;
- 4.67** “**Registrar**”, the Registrar or Deputy Registrar/s of the Council for Medical Schemes appointed in terms of section 18 of the Act;
- 4.68** “**RPL**”, the Reference Price List of health services as published by the Department of Health;
- 4.69** “**routine medication programme**”, the programme adopted by the Scheme for the management of claims in respect of routine medicine benefits, by applying the principles of clinical appropriateness and cost-effectiveness;
- 4.71** “**Scheme Tariff**”, the rate at which a scheme will reimburse the cost of the benefits owing to a members as determined in the rules, as indicated in Annexure B.
- 4.72** “**shortfall**”, shall refer to any amount paid by the Scheme to or on behalf of a member in excess of the amount (if any) to which the member is entitled in terms of these Rules:
- 4.73** “**social pension**”, the appropriate maximum basic social pension prescribed by regulations promulgated in terms of the Social Assistance Act, 1992, (Act No. 59 of 1992);
- 4.74** “**spouse**”, the person to whom the member is married in terms of any law or recognised custom;
- 4.75** “**stipulated period**”, a period commencing on the date of application for admission to hospital or day clinic or re-admission for the same sickness condition to the date of discharge from hospital or day clinic; provided that where transfer from one hospital to another for continuation of the treatment of the sickness condition for which the beneficiary was admitted “date of discharge” shall be the date on which the beneficiary was finally discharged from a hospital for the sickness condition in question;
- 4.76** “**subject to hospital benefit management programme**”, when applied to hospitalisation in a private hospital or admission to a private day clinic shall mean that approval granted for admission, also covers all recognised services associated with that admission, and excludes services which are included in the hospital benefit management programme but are not associated with admission to a private hospital or day clinic;
- 4.77** “**supplier of service**”, all registered healthcare providers and institutions for the provisions of relevant healthcare services;

- 4.78 “waiting period”**, a period of membership during which a member is liable to pay contributions but will not be entitled to claim any benefits for either a 3 month and/or a 12 month period, as determined in section 29A of the Medical Schemes Act 131 of 1998.

5. BUSINESS OF A MEDICAL SCHEME

Means the business of undertaking liability, in respect of its members and their dependants, in return for a contribution or premium -

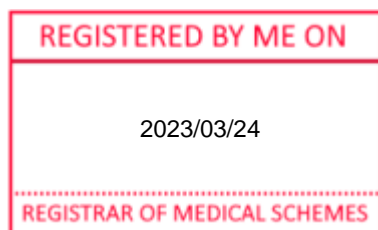
- 5.1** to make provision for the obtaining of any relevant health service;
- 5.2** to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and/or
- 5.3** where applicable, to render a relevant health service, either by the Scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person, in association with, or in terms of an agreement with the Scheme.

Registered Rules are binding in terms of section 32

6. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

6.1 Eligibility

- 6.1.1** Subject to Rule 6.2, 6.3, 6.4 and 6.5, membership is open to any person or group of persons.
- 6.1.2** The Board may on application by any person or constituent body, admit such person or constituent body as an employer and extend participation in the Scheme to the employees, principals, and partners of such person or constituent body, on the same terms and conditions as apply to the employees, principals, and partners of existing employers participating in the Scheme.



Membership of the Scheme shall be available to all employees of an employer. At the discretion of the employer, membership is compulsory in respect of employees for whom membership is a condition of employment.

6.2 Retirees

- 6.2.1** A member shall retain his membership of the Scheme with his registered dependants, if any, in the event of his retiring from the service or his employment being terminated by his employer on account of age, ill-health or other disability.
- 6.2.2** The Scheme shall inform the member of his right to continue his membership and of the contribution payable from the date of retirement or termination of his employment.

6.3 Dependants of deceased members

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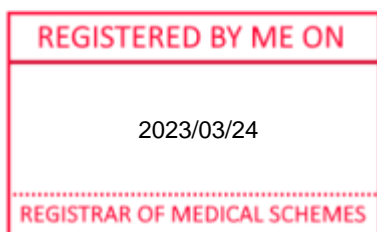
- 6.3.1 The dependants of a deceased member, who are registered with the Scheme as his dependants at the time of the member's death, shall be entitled to membership of the Scheme without any new restrictions, limitations or waiting periods.
- 6.3.2 The Scheme shall inform the dependant or guardian, in the case of a minor child or children, of their right to membership and of the contributions payable in respect thereof.

6.4 Movement from another Scheme

If the members of a scheme who are members of that scheme by virtue of their employment by a particular Employer, terminate their membership of the said scheme with the object of obtaining membership of the Scheme, the Scheme shall admit as a member, without a waiting period or the imposition of new restrictions on account of the state of his health or the health of any of his dependants, any member of such first-mentioned scheme who is a continuation member of such scheme by virtue of his or a deceased member's employment by such employer.

6.5 Terms and Conditions Applicable to Membership

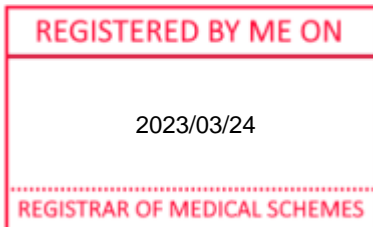
- 6.5.1 A minor may become a member with the consent of his parent or guardian.
- 6.5.2 No person shall be a member or a dependant of a member of more than one (1) medical scheme or a dependant:
- 6.5.2.1 of more than one member of a particular medical scheme;
 - 6.5.2.2 of members of different medical schemes;
 - 6.5.2.3 claim or accept benefits in respect of himself or any of his dependants from any medical scheme in relation to which he is not a member.
- 6.5.3 Prospective members shall, prior to admission, complete and submit to the Scheme, the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his dependants, of age, income, state of health and of any prior membership or admission as dependant of any other medical scheme.
- 6.5.4 The Scheme may require an applicant to consult with a medical practitioner nominated by the Scheme and provide the Scheme with a medical report in relation to any proposed beneficiary in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made. The costs of any medical tests or examinations required to provide such medical report will be paid for by the Scheme.
- 6.5.5 After consideration of the information referred to in Rule 6.5.3 and 6.5.4 the Board may in its absolute discretion, impose the waiting periods as provided for in Paragraph 1 of Annexure D in respect of such member and/ or dependant.



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6.5.6. Every member shall, on admission to membership, receive a summary of the Main Rules. Payment of any contribution shall be deemed to constitute the member's acknowledgement that he shall, on behalf of himself and his dependants be bound by these Main Rules and by any amendment thereto.

6.5.7 No member shall cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he may have against the Scheme, and nay such cession or assignment will be of no force and effect and will not be recognized by the Scheme. The Scheme may withhold, suspend or discontinue the payment of a benefit to which a member may be entitled under these Rules if a member attempts to assign or transfer, or otherwise cede, or to pledge or hypothecate such benefit.



6.5.8 Nothing in these Rules shall be construed as altering in any way an employer's right to terminate the service of an employee who is a member of the Scheme or any agreement between the employer and the employee in regard to conditions of service.

7. REGISTRATION AND DE-REGISTRATION OF DEPENDANTS

7.1 Registration of Dependants

7.1.1 A member may apply for the registration of his dependants at the time that he applies for membership in terms of Rule 6.5.

7.1.2 If a member who married subsequent to joining the Scheme applies within 30 days of the date of such marriage to register his spouse as a dependant, his spouse shall thereupon be registered by the Scheme as a dependant. No such spouse shall qualify for benefits until such time as the member qualifies for benefits.

7.1.3 If a member applies to register a new born or newly adopted child within 30 days of the date of birth or adoption of the child, such child shall thereupon be registered by the Scheme as a dependant. Increased contributions shall be due as from the first day of the month following the month of birth or adoption and benefits will accrue as from the date of birth or adoption.

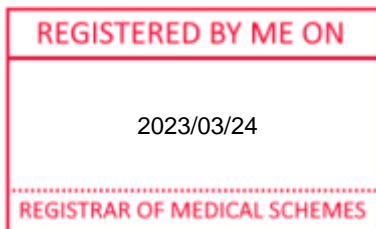
7.1.4 In the event of any person becoming eligible for registration as a dependant other than in the circumstances set out in Rules 7.1.1 to 7.1.3, and the member applies to the Scheme within 30 days of such event (which qualifies the person as a dependant) for the registration of such person as a dependant, such person shall thereupon be registered by the Scheme as a dependant. No such dependant shall qualify for benefits until such time as the member qualifies for benefits.

7.1.5 Should a member elect not to register his eligible dependants, as provided for in the Rules, then upon future application for registration of such dependants the member will be required to provide evidence on health and of any prior membership or admission as dependant of any other medical scheme.

- 7.1.6 On registration as dependant other than as contemplated in Rules 7.1.1 to 7.1.4, benefits in respect of such dependant shall be subject to the waiting periods as provided for in paragraph 1 of Annexure D.
- 7.1.7 The registered dependants of a member shall participate in the same benefit option as the member.

7.2 De-registration of dependants

- 7.2.1 A member shall inform the Scheme within 30 days of the occurrence of any event which results in any one of his dependants no longer satisfying the conditions in terms of which he may be a dependant.
- 7.2.2 When a dependant ceases to be eligible to be a dependant, he shall no longer be deemed to be registered as such for the purpose of these Rules or entitled to receive any benefits, regardless of whether notice has been given in terms of these Rules or otherwise.
- 7.2.3 For the purpose of these Rules a dependant shall be deemed to have ceased to be a dependant:
- 7.2.3.1 At the end of the month during which a child registered as a dependant reaches the age of 21 or any other age thereafter, unless the member provides satisfactory evidence that such child is still dependent on the member. Such proof is to be provided thirty days before the child's 21st birthday and every birthday thereafter.
- 7.2.3.2 A registered dependant, other than a spouse, natural child, legally adopted child, stepchild or permanently disabled child, as defined in these Rules, unless the member provides satisfactory evidence on a yearly basis that the requirements to qualify as a dependant still apply.
- 7.2.3.3 Provided that the member has given at least 30 days' notice of termination of dependant membership.



8. WAITING PERIODS

- 8.1 A medical scheme may impose on a person in respect of whom application is made for membership or for admission as a dependant, and who has not been a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application:
- 8.1.1 a general waiting period of up to 3 months; and
- 8.1.2 a condition-specific waiting period of up to 12 months, where applicable
- 8.1.3 PMBs may also be excluded during the waiting period
- 8.2 A medical scheme may impose on a person in respect of whom application is made for membership or for admission as a dependant in a benefit option, and who previously was a beneficiary of a medical scheme for a continuous period of up to 24 months terminating less than 90 days before the date of application, a waiting period that is as follows:

8.2.1 a condition-specific waiting period of up to 12 months, except in respect of PMBs

8.2.2 any unexpired waiting period imposed by the applicant's former medical scheme

8.3 A medical scheme may not impose a general or a condition-specific waiting period on a beneficiary who changes from one benefit option to another within the same medical scheme, except in accordance with this section.

8.4 No waiting periods may be imposed on a child-dependant born during the period of membership. ~~If the member fails to register the child within the allowed period, waiting period may be imposed.~~ A medical scheme may not impose a general or condition-specific waiting period on a person in respect of whom application is made for membership or for admission as a dependant, and who previously was a beneficiary of a medical scheme, if:

8.4.1 the membership or admission applied for is required as a result of a change of employment.

8.5 A medical scheme may not require such an application to provide it with a medical report or other information on any condition of any prospective beneficiary in respect of whom application is made unless the condition is one in respect of which medical advice, diagnosis, care or treatment had been recommended or received in the twelve month period ending on the date on which the application is made.

8.6 A medical scheme may not impose a general or condition-specific waiting period on a person in respect of whom application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the medical scheme to which an application for such transfer to occur at the beginning of the financial year.

9. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

9.1 Every member shall be furnished with a membership card, containing such particulars as may be prescribed. This card shall be exhibited to the supplier of a service on request. It remains the property of the Scheme and shall be returned to the Scheme on termination of membership.

9.2 The utilisation of a membership card by any person other than the member or his registered dependants, with the knowledge or consent of the member or his dependants, is not permitted and is construed as an abuse of the privileges of membership of the Scheme entitling the Scheme in its sole and absolute discretion, to terminate the membership of that member or to take such other action as it may deem fit.

9.3 On termination of membership or on de-registration of a dependant, the Scheme shall, within 30 days of such termination, or at any time on request, furnish such person with a certificate of membership and cover, containing such particulars as may be prescribed.

Rejected

10. CHANGE OF ADDRESS, CONTACT AND BANKING ACCOUNT DETAILS OF MEMBER

A member shall notify the Scheme within thirty (30) days of any change of address, contact and banking account details. The Scheme shall have no responsibility or liability in respect of a member's rights which are prejudiced or forfeited as a result of failure to comply with the requirements of this Rule.

11. TERMINATION OF MEMBERSHIP

The following provisions shall apply to the cessation and continuation of membership:

11.1 Continued employment

A member who, in terms of his conditions of employment is required to be a member of the Scheme, may not terminate his membership while he remains an employee without the prior written consent of the employer.

11.2 Ceasing employment or participation in a registered group

Subject to any provisions of Rules 6.2 and 6.3, a member whose service as an employee is terminated, shall on the date of such termination, be eligible to individual membership if he so chooses without the imposition of any new restrictions that did not exist at the time of his termination of employment.

11.3 Voluntary termination of membership

11.3.1 An individual or a member who, in terms of his conditions of employment is not required to be a member of the Scheme, may terminate his membership on giving three months' written notice. All rights to benefits cease after the last day of membership. If the period of notice overlaps with the new financial year, the notice period will end on 31 December of that particular year.

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Should a member fail to serve the required notice period the termination of his membership shall be regarded as a result of non-payment of amounts due to the Scheme and the Scheme shall not under no obligation to reinstate such person's membership.

11.3.2 Provided that where membership is terminated due to the fact that the member is required to apply for membership of another medical scheme as a condition of employment, change of employment or occurrence of another life-changing event, the notice period shall be reduced or waived.

11.3.3 A continuation member in terms of Rules 6.2 and 6.3 may, on one month's written notice, resign from the Scheme.

11.3.4 A participating employer may terminate his participation in the Scheme on giving three months' written notice. Subject to Section 29(1) (u) of the Act, a participating employer who withdraws from the Scheme shall be required to remove all his employees as members including continuation and retired members. In the event of the period of notice overlapping a new financial year, the notice period shall be deemed to end prior to such new financial year.

11.4 Death

Membership shall terminate on the last day of the month in which the member dies.

11.5 Failure to pay

Membership may be terminated by the Scheme as a result of non-payment of amounts due to the Scheme as provided for in the Rules.

11.6 Abuse of privileges, false claims, misrepresentation and non-disclosure of factual information

The Board may exclude from benefits or terminate the membership of a member or dependant whom the Board finds guilty of abusing the benefits and privileges of the Scheme by presenting false claims or making a material misrepresentation or non-disclosure of factual information. In such event he may be required by the Board to refund to the Scheme any sum which, but for his abuse of the benefits or privileges of the Scheme, would not have been disbursed on his behalf.

12. CONTRIBUTIONS

The total monthly contributions payable to the Scheme by or in respect of the member are as stipulated in Annexure A.

12.1 The basis for the calculation of contributions may vary from one Benefit Option to another. Contributions shall be calculated on one or more of the following bases:

12.1.1 The income of a member;

12.1.2 The number of dependants of the member;

12.1.3 The status of a dependant;

12.1.4 The extent of the cover afforded to the member;

12.2 Contributions shall be due and payable to the Scheme in terms of the provisions of Annexure A. Where contributions or any other debt owing to the Scheme, have not been paid within the due date, the Scheme shall have the right -

12.2.1 without prior notice to the member, to suspend all benefit payments which have accrued to such member irrespective of when the claim for such benefit arose; and

12.2.2 to give the member notice that if contributions not paid up to date within 7 days of such notice, membership may be cancelled.

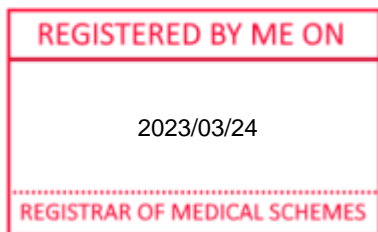


FEDHEALTH MAIN RULES

- 12.3** In the event that payments are brought up to date, and provided membership has not been cancelled in accordance with Rule 12.2.2 above, benefits shall be reinstated without any break in continuity subject to the right of the Scheme to levy a reasonable fee to cover any expenses associated with the default and to recover interest at the prime overdraft rate of the Scheme's bankers.
- 12.4** Unless specifically provided for in the Rules in respect of savings accounts, no refund of any assets of the Scheme or any portion of a contribution shall be paid to any person where such member's membership or cover in respect of any dependant terminates during the course of a month.
- 12.5** All adjustments in the rates of contribution arising from a salary adjustment is to be adjusted with effect from the month to which the salary adjustment relates.
- 12.6** "Shortfall", a member shall be liable to pay any shortfall becoming due by him to the Scheme immediately on receipt of a notice from the Scheme setting out the amount due.

Payment shall be made to such place and in such manner as the Scheme shall, from time to time, determine.

- 12.7** A member shall be in arrear with his payment of shortfalls due, if payment is not received in full by the Scheme;



- 12.7.1** in the case of a member effecting payment personally, within 30 days of the date upon which notice of the shortfall is submitted to him; or
- 12.7.2** in the case of a member whose payment should be deducted from his remuneration by his employer, within 30 days of the date upon which payment was due.

If payment of shortfalls in respect of a member is in arrear the Scheme shall have the right to suspend all benefits which may have accrued to such member irrespective of when the claim for such benefit arose.

13. LIABILITIES OF EMPLOYER AND MEMBER

- 13.1** The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the employer and the Scheme.
- 13.2** The liability of a member to the Scheme is limited to the amount of his unpaid contributions together with any sum disbursed by the Scheme on his behalf or on behalf of his dependants which has not been repaid to the Scheme.
- 13.3** In the event of a member ceasing to be a member, any amount still owing by such member is a debt due to the Scheme and recoverable by it.

14. CLAIMS PROCEDURE

- 14.1** Every claim submitted to the Scheme in respect of the rendering of a relevant health care service as contemplated in these Rules, must be accompanied by an account or statement as prescribed in Regulation 5:



- 14.1.1 the surname and initials of the member;
- 14.1.2 the surname, first name and other initials (if any) of the patient;
- 14.1.3 the name of the Scheme;
- 14.1.4 the membership number of the member;
- 14.1.5 the practice code number, group practice number and individual provider registration number issued by the registering authorities for providers, if applicable, of the supplier of service and, in the case of a group practice, the name of the practitioner who provided the service;
- 14.1.6 the relevant diagnostic and such other item code numbers that relate to such relevant health service;
- 14.1.7 the date on which each relevant health service was rendered;
- 14.1.8 the nature and cost of each relevant health service rendered, including the supply of medicine to the member concerned or to a dependant of that member; and the name, quantity, dosage of and net amount payable in respect of the medicine;
- 14.1.9 where a pharmacist supplies medicine according to a prescription to a member or a dependant, a copy of the original prescription or a certified copy of such prescription, if the Scheme requires it;
- 14.1.10 where mention is made in such account or statement of the use of a theatre -
 - 14.1.10.1 the name and relevant practice number and provider number contemplated in sub-paragraph 14.1.5 of the medical practitioner or dentist who performed that operation;
 - 14.1.10.2 the name or names and the relevant practice number and provider number contemplated in sub-paragraph 14.1.5 of every medical practitioner or dentist who assisted in the performance of the operation; and
 - 14.1.10.3 all procedures carried out together with the relevant item code number contemplated in sub-paragraph 14.1.6; and
- 14.1.11 in the case of a first account or statement in respect of orthodontic treatment, or other advanced dentistry, a treatment plan indicating
 - 14.1.11.1 the expected total amount in respect of treatment;
 - 14.1.11.2 the expected duration of the treatment;
 - 14.1.11.3 the initial amount payable; and
 - 14.1.11.4 the monthly amount payable.

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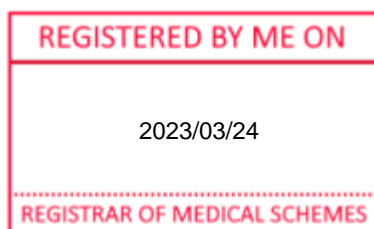


FEDHEALTH MAIN RULES

- 14.2** If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Scheme shall, in addition to the payment contemplated in Section 59(2) of the Act, dispatch to the member a statement containing at least the following particulars -
- 14.2.1 the name and the membership number of the member;
 - 14.2.2 the name of the supplier of service;
 - 14.2.3 the final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
 - 14.2.4 the total amount charged for the service concerned; and
 - 14.2.5 the amount of the benefit awarded for such service.
- 14.3** In order to qualify for benefits, any claim shall, unless otherwise arranged, be signed and certified as correct and shall be submitted to the Scheme not later than the last day of the fourth month following the month in which the service was rendered.
- 14.4** Where a member has paid an account, he shall, in support of his claim, submit a receipt.
- 14.5** Accounts for treatment of injuries or expenses recoverable from third parties, shall be supported by a statement setting out particulars of the circumstances in which the injury was sustained.
- 14.6** Where the Scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Scheme shall notify the member or the health care provider, whichever is applicable, within 30 days after receipt thereof. The Scheme shall state the reasons why such a claim is erroneous or unacceptable and afford the member or provider the opportunity to return such corrected claim to the Scheme within four months of the notice.

15. BENEFITS

- 15.1** Unless suspended in terms of Rule 13 or placed on a waiting period in terms of Rule 8, members are entitled to benefits during a financial year, as per Annexure B, and such benefits extend through the member to his dependants. A member shall, on admission, elect to participate in any one of the available options detailed in Annexure B.
- 15.2** A member is entitled to change from one to another benefit option subject to the following conditions:
- 15.2.1 The change may be made only with effect from 1 January of any financial year. The Board may, in its absolute discretion and according to pre-determined criteria, permit a member to change to another benefit option on any other date.



**FEDHEALTH
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- 15.2.2 Application to change from one benefit option to another shall be in writing and lodged with the principal officer by not later than 30 November prior to the year upon which it is intended the change shall take place; provided that the member has had at least 30 days prior notification of any intended changes in benefits or contributions for the next year.
- 15.2.3 The registered dependants of a member must participate in the same benefit option as the member.
- 15.3 The Scheme shall, where an account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within 30 days of receipt of the claim pertaining to such benefit.
- 15.4 Any benefit option offered in Annexure B covers the cost of the services rendered in respect of the prescribed minimum benefits, in accordance with Annexure D.
- 15.5 No limitation or exclusion, other than those prescribed, will be applied to the prescribed minimum benefits.
- 15.6 Pre-authorisation is a clinical decision based on the information provided and not a guarantee of payment of relevant healthcare services to be rendered.
- 15.7 The Scheme may exclude services from benefits as set out in Annexure C.

16. PAYMENT OF ACCOUNTS

- 16.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefits and maximum amount of the benefit to which the member is entitled in terms of the applicable benefit as follows:
- 16.1.1 self-insured up to the relevant benefit limit payable at scheme tariff; and
- 16.1.2 in full for prescribed minimum benefits
- 16.2 The Scheme may, whether by agreement or not with any supplier of service, pay the benefit to which a member is entitled, directly to the supplier who rendered the service.
- 16.3 Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme.
- 16.4 Notwithstanding the provisions of this Rule, the Scheme has the right to pay any benefit directly to the member concerned.
- 16.5 The scheme may deduct any amount from any benefit payable to a member or supplier, which a member or supplier of service is not entitled to or where the medical scheme has suffered loss due to theft, fraud, negligence or any misconduct which the scheme became aware of.



17. GOVERNANCE

Rejected

- 17.1** The affairs of the Scheme shall be managed according to these Rules by a Board consisting of not more than ~~12~~ persons who are fit and proper to be trustees, and of whom -

17.1.1 9 (nine) shall be elected by members from amongst member

- 17.1.2 The Board may appoint 4 (four) Trustees. Such a Trustee, will cease to hold office as per Rule 17.9, excluding Rule 17.9.6, or, if the Board by majority vote, agrees to withdraw the appointment for operational reasons. A person so appointed, shall hold office for a term of three years and have full voting rights and fiduciary responsibilities.

Please revise in line with Model rules

- 17.2** At each annual general meeting one third of the Trustees referred to in 17.1.1, shall retire but shall be eligible for re-election. The Trustees to retire shall be those who have been longest in office, but as regards Trustees who were elected on the same day, those to retire, unless agreed amongst themselves, shall be determined by lot. Where the number of Trustees is not divisible by three, the number shall be to the nearest whole number but not less than three.

- 17.3** A member of the Board may resign at any time by giving 21 days written notice to the Board of his intention not to remain a member of the Board.

- 17.4** Nominations to fill vacancies in respect of member representatives and employer representatives shall be signed by the proposers and the candidates and shall be sent to the principal officer not less than five days before the date of the annual general meeting;

- 17.5** The election of member representatives on the Board shall be carried out by members present or represented by proxy at the annual general meeting of the Scheme and shall be by a majority vote.

The election of employer representatives on the Board shall take place at the annual general meeting of the Scheme in accordance with directives issued by the Board from time to time.

The ballot shall be declared in favour of those nominees who receive the highest number of votes sufficient to fill the vacancies.

- 17.6** The Board shall have the right to fill any casual vacancy which may occur. A person so appointed shall retire at the first ensuing annual general meeting and that meeting shall fill the vacancy for the unexpired period of office of the vacating member.

- 17.7** The following persons are not eligible to serve as members of the Board:

17.7.1 a person under the age of 21 years;

17.7.2 An employee, director, officer, consultant, or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of the administrator;



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- 17.7.3 a broker;
- 17.7.4 the principal officer of the Scheme; and
- 17.7.5 the auditor of the Scheme.
- 17.7.6 any person that is already serving as a trustee of any other registered open medical scheme.

- 17.8** A member of the Board shall have the right to nominate a member of the Scheme to act as his alternate on the Board and subject to the consent of the Board, such nominee shall be appointed as an alternate on the Board for such member.

An alternate member, whilst acting in place of the Board member who nominated him, shall exercise and discharge all the rights and duties including the voting rights of the Board member who nominated him.

The office of an alternate on the Board shall become vacant in the same manner as that of a member of the Board, in addition to which he shall cease to be an alternate if the member he represents ceases to be a member of the Board.

- 17.9** A member of the Board shall cease to hold office if:

- 17.9.1 he/she is in terms of any legislation declared mentally ill or incapable of managing their affairs;
- 17.9.2 he/she is declared insolvent or has surrendered their estate for the benefit of their creditors;
- 17.9.3 he/she is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 17.9.4 he/she is removed by the Court from any office of trust on account of misconduct;
- 17.9.5 he/she is disqualified under any law from carrying on their profession;
- 17.9.6 he/she ceases to be an appointee by a participating employer, or being a Board member elected by member of the scheme;
- 17.9.7 he/she absents themselves from three consecutive meetings of the Board without the permission of the chairperson or vice chairperson;
- 17.9.8 he/she is removed from office by the Council in terms of Section 46 of the Act;
- 17.9.9 the provisions of Rules 17.9.1 to 17.9.5 apply *mutatis mutandis* to the principal officer.

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- 17.10** The Board shall, at its first meeting after the annual general meeting, elect from its number a chairperson and a vice chairperson of the Board.

Should the chairperson or vice chairperson resign or cease to be a member of the Board or be removed from office on a vote of no confidence by the Board, the Board shall fill the vacancy thus created for the remaining period for which the previous incumbent was elected.

- 17.11** The Board shall meet at least once in every three months. Three clear days' notice of a Board meeting, unless otherwise agreed by the Board, shall be given to each member of the Board and such notice shall, as far as possible, contain a statement of the business to be transacted at such meeting. The non-receipt of any notice by any member shall not affect the proceedings at any meeting of the Board.

- 17.12** The chairperson may convene a special meeting of the Board should the necessity arise.

Any three Trustees may request the chairperson to convene a special meeting of the Board; provided the matters to be discussed at the meeting are clearly stated in the request.

Upon receipt of the request the chairperson shall within seven days after such receipt convene a special meeting of the Board to deal with the matters stated therein. The provisions of Rule 17.11 regarding notice shall apply.

- 17.13** In the absence of the chairperson and the vice-chairpersons at a meeting of the Board, the Board members present shall elect one of their number to preside at that meeting.

Rejected

- 17.14** ~~5 (five)~~ of the elected Trustees of the Board (excluding alternates) shall constitute a quorum for a meeting of the Board.

- 17.15** Matters serving before the Board shall be decided by a majority vote and in the event of an equality of votes the chairperson of the meeting shall have a casting vote in addition to his deliberative vote.

- 17.16** Notwithstanding any vacancy on the Board, the continuing members thereof may act on its behalf; provided that if and so long as their number is reduced below that fixed for a quorum by the Rules such members may act only for the purpose of increasing the number of Trustees to that number or for summoning a general meeting of members but for no other purpose.

- 17.17** A resolution in writing signed by Board members or, if a Board member be not available, by his alternate, being not less than are sufficient to constitute a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted; provided that one of the signatories shall be the chairperson, or in his absence the vice-chairperson.

Any such resolution may consist of several documents in like form, each signed by one or more of the signatories contemplated in this Rule.

- 17.18** The Board may co-opt up to four persons who need not be members of the Scheme. The co-option shall cease if so determined by the Board at any time.

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A co-opted person shall not be counted in the quorum but may participate in the deliberations of the Board but shall have no vote.

The Board may appoint a nominee of a constituent body as an observer on the Board. Such observer shall not be counted in the quorum but may participate in the deliberations of the Board. An observer shall have no vote.

17.19 The Board may in respect of Trustees generally allow payment for:

- 17.19.1 such reasonable fees and allowances as the Board may decide to enable Trustees to fulfil their functions for and on behalf of the Scheme;
- 17.19.2 reasonable expenses incurred by such members for the purpose of attending meetings;
- 17.19.3 reasonable administration expenses incurred in the execution of their duties as Trustees;
- 17.19.4 The Board may from time to time appoint any Trustee to perform any specific task on behalf of the Scheme on such terms and conditions as the Board may agree, including payment of remuneration and disbursements for the performance of such specific task.

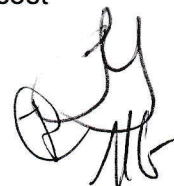
17.20 All proposed fees payable to Trustees, including remuneration and disbursements for specific tasks, shall be decided upon at the Schemes' Remuneration Committee and shall be presented for approval at every Annual General Meeting in advance of any such payments being made.

18. FIDUCIARY DUTIES OF BOARD OF TRUSTEES

- 18.1** The Trustees must fulfill their fiduciary responsibilities as custodians of the Scheme on behalf of members;
- 18.2** The Board is responsible for the proper and sound management of the Scheme, in terms of these Rules;
- 18.3** The Board is responsible for good governance in terms of the King III Report where applicable;
- 18.4** The Board shall at with due care, diligence, skill and in good faith;
- 18.5** Trustees shall avoid conflicts of interests, and shall declare any interest they may have in any particular matter serving before the Board;
- 18.6** The Board shall apply sound business principles and ensure the financial soundness of the Scheme;
- 18.7** The Board shall approve the annual financial statements, monitor the monthly management accounts, approve the annual budget and take corrective action if necessary to safeguard the financial position of the Scheme;



- 18.8** The Board shall monitor the performance of the Investment Portfolio Managers to ensure that the returns achieve the benchmark levels;
- 18.9** The Board shall appoint a principal officer who is a fit and proper person to hold office and may appoint any staff which in its opinion are required for the proper execution of the business of the Scheme, and shall determine the terms and conditions of service of the principal officer and of any person employed by the Scheme;
- 18.10** The Trustees shall monitor and evaluate the performance of the Principal Officer;
- 18.11** The chairperson shall preside over meetings of the Board and ensure due and proper conduct at meetings;
- 18.12** The Board shall cause to be kept such minutes, accounts, registers and records as are essential for the proper functioning of the Scheme;
- 18.13** The Board shall ensure that proper control systems are employed by and on behalf of the Scheme;
- 18.14** The Board shall ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules;
- 18.15** The Board shall take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules;
- 18.16** The Board shall take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance;
- 18.17** The Board shall obtain expert advice on legal, accounting and business matters as required, or on any other matter of which the Trustees may lack sufficient expertise;
- 18.18** The Board shall ensure that the Rules, operation and administration of the Scheme comply with the provisions of this Act and all other applicable laws;
- 18.19** The Trustees shall monitor and evaluate the ongoing performance of all third party suppliers and ensure that the fees payable are value for money, reasonable and market related;
- 18.20** The Trustees shall manage the non-health care delivery costs;
- 18.21** The Trustees shall annually determine the benefits and contribution rates of the various options and endeavor to provide members with the best value for money possible;
- 18.22** The Trustees shall monitor the service provided to members by the administrator and that the contracted service levels are within the service level agreement;
- 18.23** The Board shall ensure that managed care provides members with cost effective quality care;



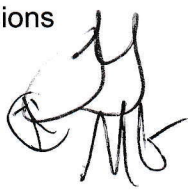
**FEDHEALTH
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- 18.24** The Board must identify all ongoing risks to the Scheme and take whatever steps possible to mitigate these risks;
- 18.25** The Trustees must ensure that they continually remain full abreast of all matters within the healthcare industry;
- 18.26** The Board must determine the strategic direction of the Scheme;
- 18.27** The Board shall take all reasonable steps to protect the confidentiality of medical records concerning any member's state of health;
- 18.28** The Board shall approve all disbursements but may delegate its authority in terms of Rule 18.18;
- 18.29** The Board shall cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme;
- 18.30** The Board shall make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme;
- 18.31** The Board shall disclose annually in writing to the Registrar, any payment or consideration made to them in that particular year by the Scheme.

19. POWERS OF THE BOARD

The Board has the power -

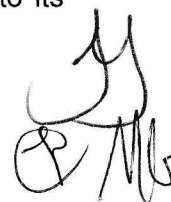
- 19.1** to cause the termination of the services of any employee of the Scheme;
- 19.2** to take all the necessary steps and to sign and execute all the necessary documents to ensure the due fulfillment of the Scheme's obligations in regard to such appointments;
- 19.3** to appoint a committee consisting of such Board members and other experts as it may deem appropriate;
- 19.4** to appoint a duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment shall be contained in a written contract which complies with the requirements of the Act and the regulations;
- 19.5** to appoint, compensate and contract with any accredited broker for the introduction or admission of a member to the Scheme and for ongoing broker services subject to the provisions of the Act and the Regulation thereto provided that a broker contract with accredited broker will not be unreasonable withheld
- 19.6** to contract with managed health care organisations subject to the provisions of the Act and the regulations;



- 19.7** to purchase movable and immovable property for the use of the Scheme or otherwise and to sell it or any of it;
- 19.8** to let or hire movable or immovable property; for the use of the scheme;
- 19.9** in respect of any moneys not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board, to invest or otherwise to deal with such moneys upon security and to realise, re-invest or otherwise deal with such moneys and investments;
- 19.10** with the prior approval of the Council, to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage;
- 19.11** subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interests of the members of the Scheme;
- 19.12** to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries;
- 19.13** to grant repayable loans to members or to make ex gratia payments on behalf of members in order to assist such members to meet commitments in regard to any matter specified in Rule 5;
- 19.14** to contribute to any fund conducted for the benefit of the employees of the Scheme;
- 19.15** to reinsure obligations in terms of the benefits provided for in these Rules;
- 19.16** to authorise the principal officer and/or such Trustees as it may determine from time to time, and upon such terms and conditions as the Board may determine, to sign any contract or other document binding or relating to the Scheme or any document authorising the performance of any act on behalf of the Scheme;
- 19.17** to authorise any of the Trustees or any other persons nominated by the Board to effect disbursements on behalf of the Scheme;
- 19.18** to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes;
- 19.19** in general, to do to anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these Rules.

20. DUTIES OF PRINCIPAL OFFICER AND STAFF

- 20.1** The staff of the Scheme must, in terms of the Protection of Personal Information Act, ensure the confidentiality of all information relating to its members.



20.2 The principal officer is the executive officer of the Scheme and as such shall ensure that:

- 20.2.1 he/she acts in the best interest of the members of the scheme at all times
- 20.2.2 the decisions and instructions of the Board are executed without unnecessary delay;
- 20.2.3 where necessary, there is proper and appropriate communication between the Scheme and those parties affected by the decisions and instructions of the Board;
- 20.2.4 he/she keeps the Board sufficiently and timeously informed of the affairs of the Scheme which relate to the duties of the Board as stated in section 57(4) of the Act;
- 20.2.5 he/she keeps the Board sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of section 57(6) of the Act;
- 20.2.6 he/she does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he/she at all times observes the authority of the Board in its governance of the Scheme.

20.3 The principal officer shall be the accounting officer of the Scheme charged with the collection of and accounting for all moneys received and payments authorized by and made on behalf of the Scheme.

20.4 The principal officer shall ensure the carrying out of all of his duties as are necessary for the proper execution of the business of the Scheme. He shall attend all meetings of the Board, and any other duly appointed committee where his attendance may be required, and ensure proper recording of the proceedings of all meetings.

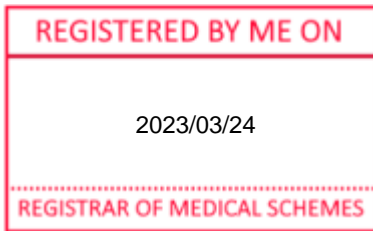
20.5 The principal officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.

20.6 The principal officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.

20.7 The principal officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

20.8 The following persons are not eligible to be a principal officer:

- 20.8.1 an employee, director, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator;
- 20.8.2 a broker or an employee, director, officer, consultant or contractor of any person contracted by the scheme to provide broker services.



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- 20.8.3 a principal officer or office bearer of another medical scheme; or
- 20.8.4 otherwise has a material relationship with any person contracted by the scheme to provide administrative, marketing, broker, managed healthcare or with its holding company, subsidiary, joint venture or associate.

21. INDEMNIFICATION AND FIDELITY GUARANTEE

- 21.1 The Board and any officer of the Scheme shall be indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim in connection with the Scheme, not arising from their negligence, dishonesty or fraud.
- 21.2 The Board shall ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including Trustees) having the receipt or charge of moneys or securities belonging to the Scheme.

22. FINANCIAL YEAR OF THE SCHEME


The financial year of the Scheme extends from the first day of January to the 31st day of December of that year.

23. BANKING ACCOUNT

The Scheme shall maintain a banking account under its direct control with a registered commercial bank. All moneys received shall be deposited directly to the credit of such account and all payments shall be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised by the Board.

24. AUDITOR AND AUDIT COMMITTEE

- 24.1 An auditor (who shall be approved in terms of Section 36 of the Act) shall be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.
- 24.2 The following persons are not eligible to serve as auditor of the Scheme:
- 24.2.1 a member of the Board;
 - 24.2.2 an employee, officer or contractor of the Scheme;
 - 24.2.3 an employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary, joint venture or associate of the administrator;
 - 24.2.4 a person not engaged in public practice as an auditor;
 - 24.2.5 a person who is disqualified from acting as an auditor in terms of the Companies Act, 1973.



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- 24.3** Whenever for any reason an auditor vacates his office prior to the expiration of the period for which he has been appointed, the Board shall within 30 days appoint another auditor to fill the vacancy for the unexpired period.
- 24.4** If the members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of this Rule, the Board shall within 30 days make such an appointment, and if it fails to do so, the Registrar may at any time do so.
- 24.5** The auditor of the Scheme at all times has a right of access to the books, records, accounts, documents and other effects of the Scheme, and is entitled to require from the Board and the other officers of the Scheme such information and explanations as he deems necessary for the performance of his duties.
- 24.6** The auditor shall report to the members of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme in general meeting.
- 24.7** The Board shall appoint an audit committee of at least five members of whom at least two shall be Trustees.

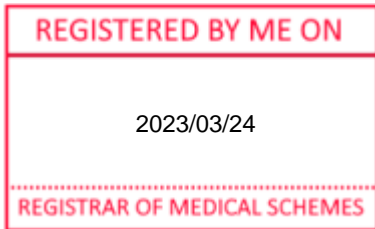
25. GENERAL MEETINGS

25.1 Annual general meeting

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- 25.1.1** The annual general meeting of members shall be held not later than 30th June of each year at such time and place as the Board shall determine.
- 25.1.2** The notice convening the annual general meeting, and such additional documents as may be determined by the Board from time shall be dispatched to all members not less than 21 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such meeting.
- The Board shall be entitled to determine that the annual general meeting be convened virtually and at a physical venue, whereby the quorum shall be constituted by members present virtually and by members present at the physical venue.
 - Members present virtually shall be afforded the same rights as members physically present.
- 25.1.3** At least 30 members of the Scheme present in person or virtually constitute a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting shall be adjourned to a date determined by the Board and members then present shall constitute a quorum.
- 25.1.4** The financial statements and reports specified in rule 26.1.2 shall be laid before the meeting.
- 25.1.5** Notices of motions to be placed before the annual general meeting shall reach the principal officer not later than seven days prior to the date of the meeting.



25.2 Special general meeting

- 25.2.1 A special general meeting of members may be called at any time by the Board if deemed necessary.
- 25.2.2 On the requisition of at least 5 members of the Scheme, the Board shall cause a special general meeting to be called within 30 days of the deposit of the requisition. The requisition must state the objects of the meeting and must be signed by all the members requesting the special general meeting and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.
- 25.2.3 The notice convening the special general meeting and containing the agenda shall be dispatched at least 14 days before the date of the meeting to all members to the last address of members known to the Scheme. The non-receipt of the notice shall not invalidate the proceedings of the meeting.
- 25.2.4 At least 50 members present in person or virtually constitute a quorum. If a quorum is not present at a special general meeting called by the Board after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled.
- 25.2.5 Should the Board fail within 14 days after the aforesaid deposit, to convene such meeting the requisitionists may themselves convene such meeting to be held within one month of such deposit; provided that no resolution carried at any such meeting shall be binding and final unless confirmed at a subsequent meeting to be convened by the Board within one month from date of the first meeting.
- 25.2.6 A quorum shall comprise twice the number of the Board plus one more member present in person. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting the meeting shall be adjourned until the same day and time of the next week and members then present shall constitute a quorum; provided that if the same day of the next week is a public holiday the meeting shall stand adjourned to the first working day following the public holiday; provided further that if a quorum is not present at a special general meeting convened on the requisition of members after the lapse of 30 minutes from the time fixed for the meeting, the meeting shall be regarded as cancelled.

26. VOTING AT MEETINGS

- 26.1 Every member who is present at a general meeting of the Scheme and whose contributions are not in arrears, has the right to vote at that meeting or may, subject to this Rule, appoint another member of the Scheme as proxy to attend, speak and vote in his stead.

26.2

The instrument appointing the proxy shall be in writing, in a form determined by the Board and shall be signed by the member and the person appointed as the proxy.

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The proxy form shall be deposited not later than 48 hours before the time for holding the meeting at the registered office of the Scheme or such other place or places as the Board shall decide and of which notice has been given in the notice of the meeting.

26.3

The chairperson shall determine whether the voting shall be by ballot or by a show of hands. In the event of the votes being equal, the chairperson, if he is a member, has a casting vote in addition to his deliberative vote.

26.4

A declaration by the chairperson of the meeting that a motion has, on a show of hands or on a ballot, been carried unanimously, or carried by a particular majority, or lost, or not carried by a particular majority, shall be final and binding on all members.

27. COMPLAINTS AND DISPUTES**27.1**

Members may lodge their complaints, in writing, to the Scheme. The Scheme or its administrator shall also provide a dedicated toll free telephone number which may be used for dealing with telephonic complaints.

27.2

All complaints received in writing shall be responded to by the Scheme in writing within 30 days of receipt thereof.

27.3

A disputes committee of three persons, who may not be Trustees, employees of the administrators of the Scheme or officers of the Scheme shall, in the event of a dispute arising, be constituted by the Board from among experts in the field in which the dispute has arisen, provided that one person shall be a legal expert and shall hold office until settlement of the dispute. Three members of the disputes committee shall constitute a quorum. The chairperson shall be elected from among the members of the disputes committee at each meeting of the disputes committee.

27.4

Any dispute, which may arise between a member, prospective member, former member or a person claiming by virtue of such member and the Scheme, shall be referred by the principal officer to the disputes committee for adjudication.

27.5

On receipt of a request in terms of this Rule, the principal officer shall convene a meeting of the disputes committee by giving not less than 21 days' notice in writing to the complainant and all members of the disputes committee, stating the date, time and venue of the meeting and particulars of the dispute.

27.6

The disputes committee may determine the procedure to be followed.

27.7

The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.

**FEDHEALTH
MAIN RULES**

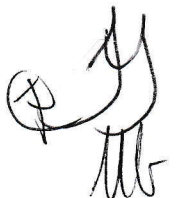
- 27.8** An aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the disputes committee. Such appeal shall be in the form of an affidavit directed to Council and shall be furnished to the Registrar not later than three months after the date on which the decision concerned was made.
- 27.9** The operation of any decision which is the subject of an appeal under Rule 27.8 shall be suspended pending the decision of the Council on such appeal.

28. TERMINATION OR DISSOLUTION

- 28.1** The Scheme may be dissolved by order of a competent court or by voluntary dissolution.
- 28.2** Members in general meeting may decide that the Scheme shall be dissolved, in which event the Board shall arrange for members to decide by ballot whether the Scheme shall be liquidated. Unless the majority of members decide that the Scheme shall continue, the Scheme shall be liquidated in terms of Section 64 of the Act.
- 28.3** Pursuant to a decision by members taken in terms of Rule 28.2 the principal officer shall, in consultation with the Registrar, furnish to every member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of winding up, together with a ballot paper.
- 28.4** Every member shall be requested to return his ballot paper duly completed before a set date. If at least fifty per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the dissolution of the Scheme, the Board shall ensure compliance therewith and appoint, subject to approval of the Registrar, a competent person as liquidator.

29. AMALGAMATION AND TRANSFER OF BUSINESS

- 29.1** The Scheme may, subject to the provisions of Section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person in which event the Board shall arrange for members to be furnished with an exposition of the proposed transaction for consideration and to decide by ballot whether the proposed amalgamation should be proceeded with or not.
- 29.2** If at least fifty per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or transfer then, subject to Section 63 of the Act, the amalgamation or transfer may be concluded.
- 29.3** If less than 50% of the members return their ballot papers duly complete, the Board may refer the matter to the Registrar, who may approve an amalgamation or transfer if it is in the best interest of the Scheme, provided that the majority of votes submitted are in favour of the amalgamation.



30. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

- 30.1** Any beneficiary shall on request and on payment of a fee of R50 per copy, be supplied by the Scheme with a copy of the following documents:
- 30.1.1 the Rules of the Scheme;
 - 30.1.2 the latest audited annual financial statements, returns, Trustees' report and auditors' report of the Scheme.
 - 30.1.3 the management accounts in respect of the Scheme and all of the benefit options.
- 30.2** A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in Rule 31.1 and to make extracts therefrom.

31. AMENDMENTS TO RULES

- 31.1** The Board is entitled to alter or rescind any rule or Annexure or to make any additional rule or annexure.
- 31.2** No alteration, rescission or addition which affects the objects of the Scheme or which increases the rates of contribution or decreases the extent of benefits of the Scheme or of any particular benefit option by more than twenty five per cent during any financial year shall be valid unless it has been approved by a majority of members present in a general meeting or by ballot.
- 31.2.1 The objects of the scheme.
 - 31.2.2 The constitution of the Board.
 - 31.2.3 The period of office of the trustees.
 - 31.2.4 The percentage of members voting in the case of dissolution of the scheme and amalgamation or transfer of business.
- 31.2** Members shall be notified of such amendments within 14 days after registration thereof. Should a member's rights, obligations, contributions or benefits be amended, he shall be given 30 days advance notice of such change.
- 31.3** Members must be furnished with an erratum of such amendment within 14 days after registration thereof.
- 31.4** Notwithstanding the provisions of Rule 31.1 above, the Board shall, on the request and to the satisfaction of the Registrar, amend any Rule that is inconsistent with the provisions of the Act.
- 31.5** No amendments, recession or addition of any Rule shall be valid unless it has been approved and registered by the Registrar.

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