

**PICK N PAY MEDICAL SCHEME  
CHAIRPERSON'S REPORT  
for the year ended 31 December 2024**

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As Chairperson of the Board of Trustees, I have pleasure in presenting my report for the year ended 31 December 2024.

It remains the Board of Trustees' priority to ensure that, whilst continuing to provide our members with a comprehensive and competitive benefit offering, the Scheme remains financially viable, thereby ensuring its long-term sustainability. Pick n Pay Medical Scheme remains committed to ensuring that its contributions are competitive, without compromising on the quality of care that you and your families receive.

The various Sub-Committees, which include Risk and Audit, Investment, Clinical and Ex Gratia, have continued to provide expert insight and guidance on the issues relating to the running of the Scheme, whilst holding the best interests of the members at heart.

The Scheme remains financially sound with a solvency ratio of 139,9% as at 31 December 2024. These reserves are well in excess of the legislated targets, but appropriate for the long-term sustainability of our Scheme.

Legislative developments are continuously closely monitored with the aim to pre-empt and minimise the impact on the Scheme.

### **Financial performance**

During 2024 the Scheme paid out R287,349,856 in claims and claims-related expenses. The Trustees, as well as the Administrator and actuaries, continue to keep a close eye on claims expenditure.

The reserve ratio of 139,9% remains higher than the Council for Medical Schemes requirement, but can be attributed mainly to the surprisingly good claims experience at the end of 2024, as well as the loss in membership during 2023. Should membership not have decreased so significantly, the reserve ratio would have been reduced substantially.

Including investment returns during the year, the Scheme made a net profit of R31,4m for the year ended 31 December 2024. The Scheme remains financially sound and is able to meet its commitments in terms of the payment of claims.

### **Investments**

Detailed information regarding the Scheme's investment performance for 2024 is provided in your Annual General Meeting pack. We would, however, like to remind you of the following at this point:

- In managing the Scheme's Investments, the Board of Trustees has an Investment Committee, constituted of five suitably qualified individuals. The Committee is assisted by representatives from the Scheme's Administrator, our Actuarial Consultants and Willis Towers Watson, the Scheme's Investment Consultants. The actions of the Committee are governed by the Investment Committee Charter and the Statement of Investment Principles (SIP) and any changes to these two documents requires approval from the Board of Trustees.
- The SIP outlines rules regarding what the Scheme can and cannot invest in, including asset classes, amongst others. In addition to the SIP, the Scheme's investments are governed by Regulation B of the Medical Schemes Act of 1998 that details specific limitations on certain asset classes.
- The Scheme's investment strategy is to maximise the return on its investments on a long-term basis at an appropriate level of risk. The investment strategy takes into consideration constraints imposed both by legislation and by the Board of Trustees. This policy is reviewed annually, taking cognisance of compliance with the Act, the risk returns of the various investment instruments and available surplus funds that ideally should be invested elsewhere so as to maximise the investment return.

### **Membership**

Membership of the Scheme has increased by 49 principal members during 2024. The average age of beneficiaries decreased to 31,8 and the pensioner ratio decreased to 5.2%

### **Benefit changes**

The Board decided to keep most benefits the same for 2024, but approved an increase of 4.7% on benefit limits and enhanced the preventative benefits. This was done to minimise the impact of medical inflation, increased tariffs by medical professionals and to limit any out-of-pocket co-payments for members.

*Continued overleaf*

**PICK N PAY MEDICAL SCHEME  
CHAIRPERSON'S REPORT  
for the year ended 31 December 2024 (continued)**

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**Contribution increases**

As a result of the net loss of R5,2m experienced in 2023 and the actuarial projection of a significant decline of the reserve ratio over the next 10 years, the Trustees were faced with an extremely difficult task in deciding on the contribution increase for 2025. A higher-than-usual contribution increase was approved in an effort to secure the Scheme's financial sustainability. The Trustees are aware that the contribution increase had a negative financial impact on our members at a time of financial struggle for most. It was, however, necessary and still in line with increases implemented by other medical schemes who faced the same challenges of increased claims costs and medical inflation. The contributions increased by 7.2% on the Primary option and 10,9% on the Plus option in 2025.

To ease the burden on household budgets, each year we increase the income bands to prevent those members who are currently at the top of their income bands from being pushed into a higher bracket, where they will have to pay higher contributions when the salary increases come into effect. The income bands were increased by 4.7% on both options in 2025.

While the reserve ratio may appear to be more than adequate to keep contribution increases low, we need to factor in the unpredictability of the ever-changing healthcare market and the volatility of year-on-year claims experience.

**A moment of appreciation**

On behalf of the Pick n Pay Medical Scheme, we would like to express our thanks to the following people/organisations:

- Ms Dawn Theron, our Principal Officer;
- our colleagues on the Board of Trustees and the various sub-committees for their commitment and leadership;
- the management and staff at Momentum Health for the efficient manner in which they managed the day-to-day affairs of the Scheme;
- the management and staff of our managed care provider – ER24 Emergency Medical Services – for the efficient manner in which they have managed the ambulatory services;
- the management and staff of our value-added services partners – Ambledown Gap Cover, HealthSaver and Multiply – for the efficient manner in which they have managed the additional products offered to our members;
- our Medical Advisor, Dr Martin Bailey, for his continued dedication and commitment to the Scheme;
- our Actuarial Consultants, NMG Consultants and Actuaries, for their invaluable contributions throughout the year;
- Willis Towers Watson for their assistance and guidance in managing our investments;
- the External Auditor, BDO South Africa Incorporated, for the manner in which they conducted their audit;
- the Registrar for Medical Schemes and his staff for their assistance during the year;
- all other service providers;
- our members for their continued efforts in proactively managing their health and wellness, thereby ensuring the wellbeing of the Pick n Pay Medical Scheme.



**HELEN DE LIGHT  
CHAIRPERSON**