

ANNUAL REPORT 2015 /16





Our Mission

To provide lifetime care to our members
and contribute towards their peace of mind
through flexible health care covers



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MEFPA CHAIRPERSON'S REVIEW



**Mrs Catherine
Ahnee Gouérec
Chairperson**

Dear Member,

On behalf of the MEFPA Managing Committee, I am pleased to present to you the 2015/16 annual report together with the financial statements for the year ended 30 June 2016.

Despite a difficult operating environment caused by increased competition, MEFPA has been able to stand amidst big operators in the industry. Our financial results fully reflect the strength of our member-centric healthcare and our innovative services.

MEFPA reoriented its marketing channels during the year, namely regarding assistance of brokers which is progressively being discontinued. The savings generated allowed the association to propose discounted catastrophe cover rates for child dependents.

MEFPA continues to perform satisfactorily in the face of increasing competition in the industry. A net surplus of Rs7.4M was generated for the year under review compared to 4.3M in 2014/15. This corresponds to an increase of 72% which is faintly above the budgeted figure. This increase is mainly attributed to the decrease in the brokerage fees from Rs7.2M to Rs5.6M with the gradual departure of brokers.

During the year 2015/16 MEFPA has noted a decrease in corporate membership, from 688 in 2014/15 to 680 in 2015/16 with the number of beneficiaries declining from 23,404 to 23,357. The departure of some members affiliated with brokers has been the key factor to the decrease noted in membership. We are pleased to note that the impact of this decision has been contained with many corporate members affiliated with brokers are renewing their healthcare covers directly with MEFPA.

The backdrop of a highly competitive market leading to softening insurance premium rates and offering tailor made services also contributed to constrain our growth opportunities.

In an environment of rapid change, MEFPA continued to innovate in 2015/16 in order to refine and enhance its services. Walk-in customers may now have their claim being refunded on the spot through the instant claim settlement facility now operating at the desk of our administrator. The properly documented claims are refunded within 15 minutes. This is a fast track service which is being provided free of charge to our members, without limitation in the amount of the refund- except the scope of the cover and the limit available.

In our rapidly evolving IT environment, the value addition of new technology is emerging quite distinctly. MEFPA has launched its mobile application namely the Medscheme Touch, which enables members to view their detailed medical cover information in real-time. Through this application, they are able to follow the progress of their submitted claim and verify their membership details. The Medscheme Touch application may be downloaded from the Google and Apple Store. Also, electronic settlement of claims which was launched last year is on a growing trend.

Pursuing our desire to be at the forefront of technology, we recently launched the HR Portal, a web based platform allowing Corporates to manage employees' access to its medical scheme. In the HR Portal, the company may view & extract list of Members, print personalised claim forms and manage the plans of members and their dependents.

In line with our quest to better serve our members, a help desk has been accommodated at Fortis Clinique Darne to provide a preliminary on-spot authorisation and ensure that the patient experiences no hassle at the time of discharge. The desk will not only provide a seamless service to patients but will also allow the administrator to settle inpatient claims with more accuracy, efficiency and rapidity. We are sure that our members will take maximum advantages of all our services.

Our auditors have been drawing the attention of the managing committee of MEFPA for several years that attracting new members through brokers may be considered as a commercial activity, which is not fundamentally that of MEFPA. In order to maintain its non-profit association status that characterizes and differentiates itself from other healthcare insurance companies, MEFPA has decided to gradually stop accepting business from brokers. This initiative resulted in a savings of approximately 2M on brokerage fees being paid to them, passed on the benefits to our members. We have been able to maintain our premium on the merged benefits health cover and the inpatient cover. The premium on our catastrophe cover has been reduced and dependents are now being offered discounted rate on joining such cover.

On the other hand, the Competition Commission of Mauritius (CCM) has initiated an investigation on the application of a common scale of cost by healthcare insurance providers and administrators. All the alleged parties have jointly taken the service of a legal firm for a collective defense as all members of the Association of Private Health Plans and Administrators (APHPA) insist that the document constitutes an instrument to the benefit of the Assured, by monitoring the medical costs incurred.

Time to Change, Adapt and ...Prosper!

After pioneering the availability of health care covers in Mauritius, MEFPA, based on its 33 years of solid experience and reputation, will be soon embarking on a rebranding exercise. This is mainly to align the Association with the changes incurred by its parent association, the Mauritius Employers' Federation which became Business Mauritius. In the same context, MEFPA is also reviewing its rules and bye-laws in order to adapt to the changing needs of the health industry and to revisit its objectives in line with the future ambitions of the association.

These changes will result in the revamping of the existing covers to cater for the needs of our members and to remain competitive. MEFPA is also studying several projects which would trigger further progress of the Association.

On a final note, I would like to express my deepest gratitude and recognition to all the committee members and our associates namely Business Mauritius and Medscheme for their hard work, dedication, passion and commitment to MEFPA. Last but not least, I would like to thank our loyal members for their continued support and trust over the years. We remain committed to "closing the gap between people and care."

Catherine Ahnee-Gouérec
Chairperson

MEFPA MANAGING COMMITTEE 2015/16



**Mrs Catherine
Ahnee Gouérec**
Chairperson

Chargée D'Etudes
Les Moulins de la Concorde Ltee



**Mr Rehaz
Sayed Hassen**
Vice Chairperson

Finance Manager
Mauritius Oil Refineries Ltd



**Mr Tejnarin
Chumroo**
Member

Secretary
*Federation of Union of Managers
of Private Sector Colleges*



**Mr Georges
Montaigu**
Treasurer

Treasurer
Princes Tuna(Mauritius) Ltd



**Mr Sailendrasingh
Gokhool**
Vice Treasurer

Chief Finance Officer
*Société des Tubes et Raccords
Marketing Ltée*



**Mr Sanjeev
Madhou**
Member

HR Manager
Call Services Ltd



**Mrs Meetra
Latchmoodoo**
Member

HR Executive
Business Mauritius

OUR PARTNERS

Sales & Marketing
Business Mauritius

Administrator
Medscheme International

Auditors
Ernst & Young Ltd

MEFPA COMMITTEES

Managing Committee

The Managing Committee has had ten meetings during the year 2015/16. The members are volunteers who are elected during the Annual General Meeting to serve the association. The Managing Committee is responsible for ensuring that all the decisions which are being taken are in line with the strategy of the Association and to the best interest of its members.

The Audit and Corporate Governance, Marketing and Investment sub-committees have also held meetings to assist the Managing Committee in all its decision regarding the direction, strategy, and the finance of the Association.

Investment Sub-committee

The Committee was chaired by Mr. Rehaz Sayed Hassen and consists of the following members:

- ▶ Bilaal Ramjaun
- ▶ Bernard Yen
- ▶ Georges Montaigu
- ▶ Rajiv Lutchmiah, (External Member)

The Committee met twice during the year.

Marketing Sub-committee

The Committee was chaired by Mr Nilesh Gammoo and consists of the following members:

- ▶ Mrs Isabelle Cangy
- ▶ Mrs Catherine Ahnee Gouérec
- ▶ Mr Tejnarin Chumroo

The Committee met twice during the year.

Audit and Corporate Governance Sub-committee

The Committee was chaired by Mr. Sailendrasingh (Ashley) Gokhool and consists of the following members:

- ▶ Mr Bernard Prefumo(External Member)
- ▶ Mr Daniel Chan Chong(External Member)
- ▶ Mrs Meetra Latchmoodoo
- ▶ Mr Michael Webb(External Member)

The Committee met thrice during the year.

AGM HIGHLIGHTS

The 33rd Annual General Meeting of MEFPA was held on Friday 02nd October 2015 at 10.30 at the MEF –MCCI Building, Rue Du Savoir, Ebene Cybercity, Ebène, where all issues related to the Association and its future were discussed alongside the Audit Report and Accounts.

The election of four members and nomination of four members by Business Mauritius was also held at the AGM in order to constitute the new MEFPA Managing Committee for the year 2015/16.

Highlights of the Chairperson's Report

"MEFPA is operating in a very competitive environment whereby much effort is needed in order to stand amidst big operators which are cutting down premium rates and offering tailor made services.

Despite all these challenges experienced during the year, MEFPA generated a net surplus."

1 In order to ensure continuous sustainability of the Association, the Managing Committee of the Association has carried out the **annual review of the rates** of contribution. The rates were increased based on utilization ranging from 5% - 9% as from January 2015. The exercise has been conducted on the basis of both the national and medical inflation rates.

2 The claims settlement **through bank transfer** mechanism has been implemented. This facility allows members to have their claims being credited directly into their personal bank account. It is a faster way for members to have their refund. Members are notified by a statement once the amount has been credited into their bank account. In order to extend

this service to a larger number of members, they are encouraged to submit their bank details on the prescribed electronic bank transfer form available at the administrator's office.

3 A Special General Meeting will be held in the year 2016 in order to **amend some articles of MEFPA rules** to adapt itself to the changing needs of the sector and to ensure a smooth holding of our general meetings. This will also enable the Association to align itself with its parent Association namely Business Mauritius, which recently had a change in name.



From Left to Right: Rehaz Sayed Hassen, Catherine Ahnee Gouérec, Bilaal Ramjaun

OUR ACHIEVEMENTS IN 2015/16

Helpdesk at Fortis Clinique Darne

Our trained nurse (Medical Coordinator) is available from 08.30 to 12.30 on a daily basis, excluding Week ends and Public Holidays, will gather all medical evidence in order to provide a preliminary authorisation. As such will:

► Ensure that the authorisation provided is in line with the treatment being given. Any changes during the course of the initial treatment plan will be immediately shared with Medscheme's Prise en Charge Team so that the authorisation can be adapted accordingly in a timely manner.

► Verify interim bills and communicate any disallowed items and charges for doctors as per scale of cost and scheme rules well before discharge.

► Ensure the patient experiences no hassle at the time of discharge.

► Meet patients to explain any disallowed items and/ or excess to be borne by them as and when required.

The above initiative will not only provide a seamless service to patients but will also allow Medscheme to settle inpatient claims with more accuracy, efficiency and rapidity.

Brokers Business

During the past years, MEFPA has been working with insurance brokers to expand its customer base. The auditors have raised their concern in regards to the brokerage fees which are being paid to such companies for bringing members to MEFPA. The Auditors highlighted that paying a commission to

brokers, provides a commercial aspect, which is not fundamentally that of MEFPA.

In line with the recommendation of the Auditors and to ensure the financial stability of the Association, the MEFPA Committee has decided to gradually stop enrolling members referred by Brokers. This was indeed a difficult decision for the committee as MEFPA has been sharing good working relations with the brokers and had 30% of its premium from brokers business.

Mobile Application

The mobile application, namely the Medscheme Touch is now available at the Google Play Store and on the Apple Store. This application enables members to view their detailed medical cover information in real-time.

The following information can be viewed in the application:

- the progress on claim refunds
- available limits under your medical cover
- membership details of main member & dependents
- details of contribution

OUR ACHIEVEMENTS IN 2015/16 (Continued)

Instant Claim Settlement

Members now have the facility to have their claim being settled on the spot. This service is available to walk-in customers for the refund of their outpatient claims. Members will need to present their duly filled claim form and supporting documents at the reception desk of the Administrator, Medscheme Mauritius. This is a fast track service whereby the claims are processed and refunded within 15 minutes. There is no minimum or maximum amount for the refund but it is subject to our scope of cover and the limit available for refund under each benefit.

Discounted rates & new limit on Surgical/ Medical Catastrophe Cover

MEFPA has reviewed its catastrophe cover contribution's rate as from January 2016. Child dependents are now being charged a discounted rate on any limit of the catastrophe cover they are enrolled on. This reduction in rate has mainly been possible following the decrease in brokerage fee. The commissions which ought to have been paid to Brokers is now being reinjected in the scheme to the benefits of its members. A new limit of Rs10M has also been introduced.

HR Portal

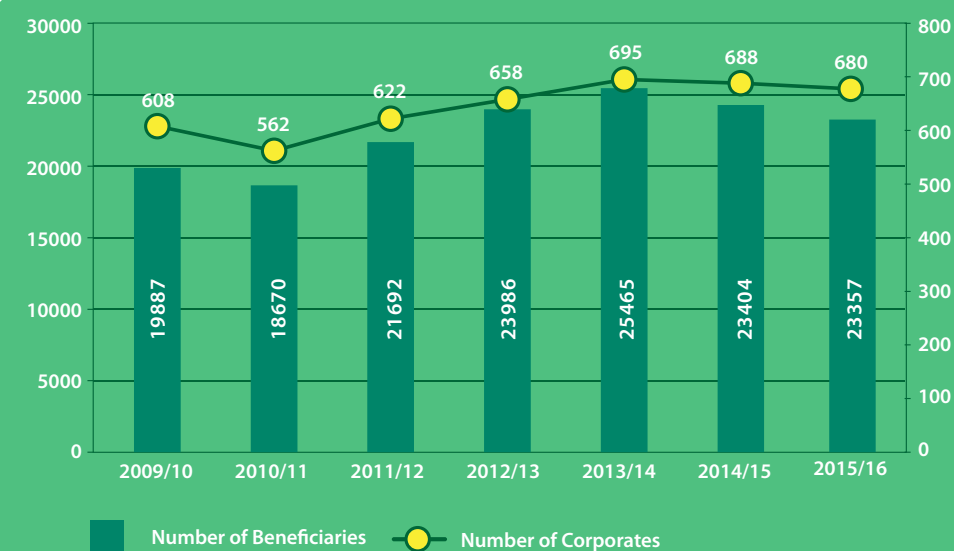
The HR Portal is web based platform allowing Corporate Members to manage employees access to its medical scheme.

With the HR Portal, the company can:

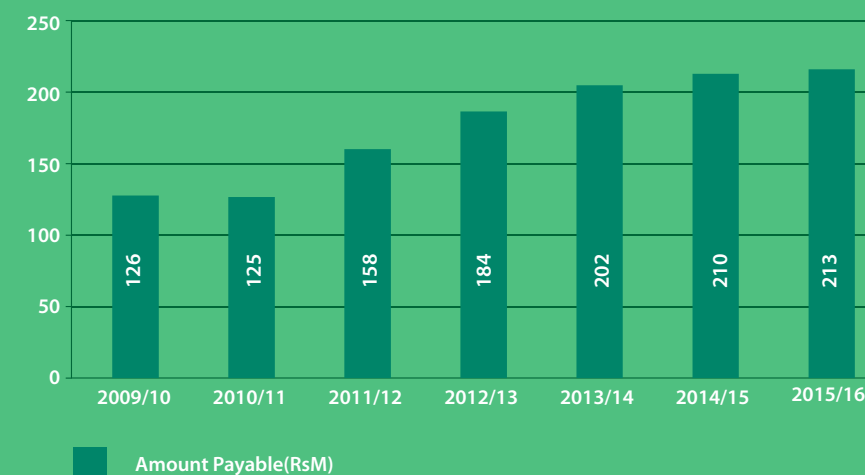
- ▶ View & Extract List of Members
- ▶ Print Personalised Claim Forms
- ▶ View Plans per Member
- ▶ Add and Delete Members & Dependents
- ▶ Change Plan of Members & Dependents
- ▶ View Contributions
- ▶ Changes between subsidiaries

STATISTICS

Membership Trend



Claims Payable



AUDITOR'S REPORT

AUDITOR'S REPORT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rs.	Restated 2015 Rs.
INCOME		
Gross Subscription	258,557,458	252,642,337
Insurance Subscription	(41,750,838)	(32,771,054)
Net subscription	<u>216,806,620</u>	<u>219,871,283</u>
EXPENDITURE		
Gross claim cost	213,843,424	210,087,630
Insurance claim	(38,563,516)	(26,963,430)
Net claims payable	175,279,908	183,124,200
Management fees	25,887,787	24,596,544
Brokerage fees	5,647,977	7,263,405
Provision for doubtful debts	1,745,366	-
Stationery and photocopy charges	292,929	507,405
Audit fees	201,252	178,250
Bank charges	104,365	75,902
Marketing fees	1,783,185	1,786,057
Medical, professional and consultancy fees	1,570,626	1,375,487
Returned cheques w/off	(379,280)	(80,909)
Sundry Expenses	48,672	34,654
	<u>212,182,785</u>	<u>218,860,996</u>
Profit/(loss) before interest receivable and foreign exchange gain	4,623,835	1,010,288
Interest receivable	2,653,031	2,287,095
Foreign exchange gain	120,116	921,925
Surplus for the year	<u>7,396,981</u>	<u>4,219,308</u>
Fair value changes on available for sale investments	(90,465)	1,762,801
Accumulated surplus brought forward	<u>70,885,794</u>	<u>64,903,685</u>
Accumulated surplus and reserves carried forward	<u>78,192,310</u>	<u>70,885,794</u>

AUDITOR'S REPORT

(Continued)

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2016

	2016 Rs.	Restated 2015 Rs.
ASSETS		
Contribution receivable	11,994,551	9,719,656
Amount receivable from insurers - net	4,666,401	893,012
Sundry debtors and prepayments	1,587,101	1,347,810
Available for sale investments	8,951,181	6,541,647
Loans and receivables	67,688,797	59,464,758
Deposit at call	-	(184)
Cash at bank	11,446,615	14,729,733
	106,334,646	92,696,430
LIABILITIES		
Contribution prepaid and sundry creditors	15,952,792	5,849,515
IBNR	12,189,544	15,961,121
	28,142,336	21,810,636
	78,192,310	70,885,794
ACCUMULATED FUND		
Accumulated Surplus	69,122,993	64,903,685
Surplus for the year	7,396,981	4,219,308
Available for sale reserve	1,672,335	1,762,801
	78,192,310	70,885,794

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Rs.
Cash book balance on July 01, 2015	14,729,549
Call deposit at bank on July 01, 2015	-
	14,729,549
RECEIPTS	
Subscription	254,229,307
Matured deposits	6,500,000
Redemption of treasury bills	-
Interest & Dividend received	1,545,923
Receipts from Reinsurers	1,495,510
Gain on Exchange	-
Interbank Receipts	-
	263,770,740
PAYMENTS	
Claims paid	(209,230,767)
Management fees	(26,025,416)
Net payment to insurers	(7,039,921)
Deposits effected	(9,500,000)
Investment in Attitude Property Ltd	(2,500,000)
Investment in UTIN Bonds	(4,000,000)
Medical, Professional and consultancy fees	(276,172)
Marketing fees	(1,961,425)
Brokerage paid	(5,255,716)
Loss on exchange	-
Stationery and photocopy charges	(183,694)
Audit fees	(172,500)
Interbank Payments	-
Sundry expenses	(663,697)
Bank charges	(244,365)
	(267,053,674)
Balance at June 30, 2016	Rs. 11,446,616
Cash book balance at June 30, 2016	11,446,616
Call deposit at bank at June 30, 2016	-
	Rs. 11,446,616



Something new
is coming...

MEF-MCCI Building,
Rue du Savoir,
Ebène CyberCity,
Ebène 72201

Tel : 466 36 00
Fax : 465 82 00
Email : info@businessmauritius.org
Website : www.mefpa.org

