

**“Namaf nudges the industry into creating a sustainable healthcare ecosystem”**



**The Company**

**Namibia Association of Medical Aid Funds (Namaf)**

**Annual Report Period:**

**01 January 2021 - 31 December 2021**



## Acronyms



AffCom	Affordability Committee
AWS	Amazon Web Services
COVID-19	Novel Coronavirus
WAF	Waste, Abuse and Fraud
HCPs	Healthcare providers
HPCNA	Health Professions Council of Namibia
MAFs	Medical Aid Funds
MC	Management Committee
MoHSS	Ministry of Health and Social Services
MoF	Ministry of Finance
MoU	Memorandum of Understanding
Namaf	Namibian Association of Medical Aid Funds
NMRC	Namibian Medicines Regulatory Council
PN	Practice number
PPN	Preferred Provider Network
PNS	Practice numbering system



# Table of Contents

	CONTENT	PAGE
<b>1</b>	<b>General Information</b>	<b>5</b>
	1.1 Chairperson's Report	8
	1.2 Chief Executive Officer's Report	12
	1.3 Strategic Overview	15
	1.4 Legislative	16
	1.5 Registered Medical Aid Funds	19
<b>2</b>	<b>Governance</b>	<b>21</b>
	2.1 Management Committee	21
	2.2 Committees of the Management Committee	23
	2.3 Organisational structure	25
<b>3</b>	<b>Institutional Performance in 2021</b>	<b>27</b>
<b>4</b>	<b>Coding Structure</b>	<b>33</b>
	4.1 HPCNA	33
	4.2 ICD-10	34
	4.3 Procedural Codes	35
	4.4 Billing Guidelines	36
	4.5 Benchmark Tariffs	36
	4.6 NAPPI	37
<b>5</b>	<b>Annual Financial Statements</b>	<b>39</b>
<b>6</b>	<b>Medical Aid Industry – 2021 Statistics</b>	<b>67</b>
	6.1 Membership	68
	6.2 Claims Trends	70
	6.3 Claims by Discipline	72
	6.4 Key Drivers of Cost	74
	6.5 Summary	78







## 1. General Information

### Name

**Namibian Association of Medical Aid Funds (Namaf)**

### Physical Address

Office No 1  
South Port Building, Ground Floor  
Hosea Kutako Drive  
Southern Industrial Area  
Windhoek

### Postal Address

PO Box 11974  
Windhoek

### Contact Details

 +264 61 257 211/257 212  
 +264 61 257 213  
 [info@namaf.org.na](mailto:info@namaf.org.na)  
 [www.namaf.org.na](http://www.namaf.org.na)

### External Auditors

SGA Chartered Accountants & Auditors

### Bank

Nedbank  
First National Bank

### Management

<b>Chief Executive Officer</b>	Mr. Stephen Tjiuoro
<b>Deputy Chairperson of Management Committee</b>	Mr. Pieter Daniel Theron
<b>Chairperson of Management Committee</b>	Ms. Lea Namoloh









"As a responsive regulator, Namaf put in motion various regulatory interventions to protect the interests of members of medical aid funds."

**Ms. Lea Namoloh**  
Chairperson

## 1.1 Chairperson's Report

On behalf of the Management Committee, I am pleased to present the 2021 Annual Report of the Namibian Association's Medical Aid Fund. The financial year in review was the first year of the 2021 – 2023 Strategic Plan. This strategic plan is founded on five themes, namely:

1.To firm up Namaf as the regulator that provides a clear leadership and direction in the governance of the healthcare industry,

2.To lead the healthcare industry in Namibia in the creation of a blueprint for a sustainable future,

3.To be at the forefront of a collaborative healthcare system, sharing knowledge and taking action to achieve real benefits with and for stakeholders,

4.To be the catalyst of relevant research, development, and learning in the industry, and

5.To secure adequate resources and support for effective strategy execution.

The 2021 financial year has not been an easy one for Namaf. The outbreak of the coronavirus pandemic set off unprecedented ripples of health, economic, social, and political challenges. Namaf achieved its objectives, goals, and target in the 2021 financial year.

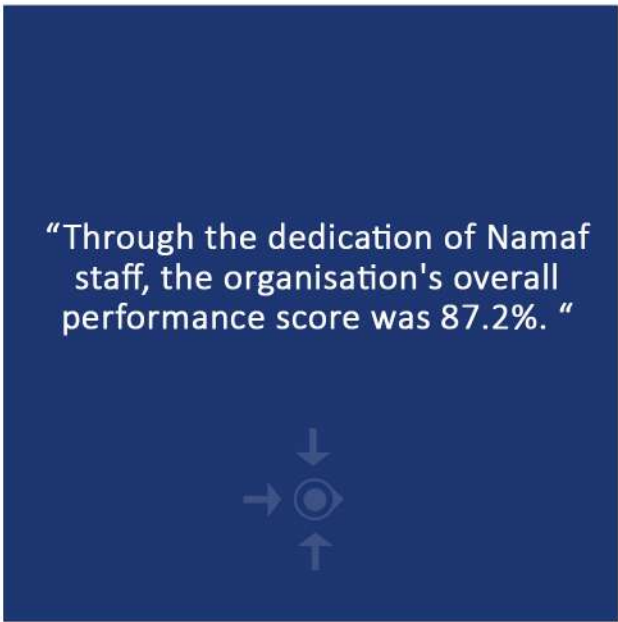
### Key Strategic Performance Highlights

The annual plan for 2021 enabled Namaf to operate in a focused and systematic manner towards implementing the Strategic Plan 2021-2023. Through the dedication of Namaf staff, the organisation's overall performance score was 87.2%. It indicated that we could carry out most activities under the five strategic themes. All remaining activities were at least partially achieved. We are encouraged by these overall positive results and will endeavor towards a perfect rating in the next financial year.

As a responsive regulator, Namaf put in motion various regulatory interventions to protect the interests of members of medical aid funds. The core business of Namaf is clinical risk management, and the tool for carrying out this function is Namaf's coding structure, consisting of practice numbers and procedure codes. During the reporting period, we noted an increased awareness and appreciation of the purpose of Namaf's coding structure among stakeholders as a result of various diagnostic and procedural coding virtual training sessions held. Stakeholder understanding and buy-in are critical for creating a robust coding structure, which is necessary for effectively mitigating the risk of waste, abuse, and fraud in the MAF industry. The Namaf Statutory Affairs and Risk Management Committee advises the MC on the overall risk

management system. The Namaf Enterprise Risk Management Framework has enabled the organisation to improve its performance in critical functions concerning healthcare inflation. It involves people at every level and requires applying a view of risk across the Association. By embedding risk management techniques in day-to-day operations. On Recommendation by the Statutory Affairs and Risk Management Committee, the MC approved the Memorandum of Understanding on interventions to address drivers of healthcare

inflation. The results of analyses of the drivers of healthcare inflation, or the causes of increases in healthcare costs, assist in differentiating between avoidable and unavoidable increases in costs. Once identified, strategies will be developed to address the various causes of avoidable drivers of healthcare inflation. Covid-19 has significantly impacted social and economic factors, such as income in Namibia; these factors will affect the ability to afford medical aid. The signature of the MoU will only materialise in the next reporting period.



**“Through the dedication of Namaf staff, the organisation's overall performance score was 87.2%. ”**



## Challenges

The National Pharmaceutical Product Index (NAPPI) codes used in South Africa identify and classify ethical, surgical, and consumable medical products. NAPPI codes enable the electronic transfer of information throughout the healthcare delivery chain. Service providers and MAFs can identify items and medicines used in the course of the patient's treatment and the prices of these items and medicines by using NAPPI codes. Namibia does not have its own national standard coding structure, and consequently, its creation was identified as a strategic goal. Unfortunately, the NAPPI coding system was not implemented due to unavoidable delays. Namaf remains committed to developing NAPPI codes for Namibia. This will be an essential tool for Namaf to mitigate the risk of waste, abuse, and fraud in the pharmaceutical domain.

## Into the Future

Under the MC's guidance, the strategic plan's systematic implementation will forge ahead in 2022. Activities will continue to center around implementing complete coding systems (PCNS, ICD, Procedures Codes, and coding for medicines and surgical consumables), continuous identification of drivers of healthcare inflation, and sharing knowledge with stakeholders.

To optimise the speed and depth of strategy implementation, an annual plan will once again be devised for 2022. It will guide Namaf's operations for the year and provide a yardstick for measuring performance and progress. In addition, ongoing information sharing feedback from the secretariate on achievement and challenges will be vital to the successful implementation of the strategy. Over the course of 2021, our CEO and his staff have proven that they are more than capable of tackling the tasks and challenges ahead with vigor and determination.

To achieve the statutory purpose and objects of Namaf, section 44 of the MAF Act empowers the Minister to make permissible regulations as authorised by the MAF Act. As the current regulations were made in 1997, the MC approved draft regulations to regulate mischief that arose over time during the implementation of the MAF Act. Namaf obtained a legal opinion on the regulations, which opined those draft regulations could be susceptible to legal challenge. The industry has accepted the following matters in the draft regulations as a norm. Draft regulations kept abeyance to the Minister of finance and the Amendments to the Medical Aid Funds Act, 1995. During the next period, Namaf will pursue other avenues to address the hindrance to the Association's ability to exercise its regulatory role fully.

## Acknowledgment

I wish to acknowledge the Minister of Health and Social Services, Dr. Kalumbi Shangula, for the support he has consistently given Namaf during this pandemic. The Minister and the Department of Health and Social Services played an essential role in Namaf's ability to regulate previously uncharted waters. Namaf has achieved many successful outcomes, which would have been impossible without a dedicated captain, the CEO.

I appreciate your continued cooperation with our regulated entities and industry associations, whom we often called for meetings or requested input and information at short notice. Finally, I wish to extend my sincere appreciation to my fellow Management Committee member for their strategic focus and professionalism, which is a true testament to their unwavering commitment to the governance and business of Namaf.

It would be amiss of me not to acknowledge and appreciate Namaf staff, who endured a trying year suddenly working and being productive at home. Many had to restructure their lives and homes to make things work – and through this – they managed to go above and beyond. Thank you

It is a pleasure and privilege to be part of Namaf.

**Ms. Lea Namoloh**



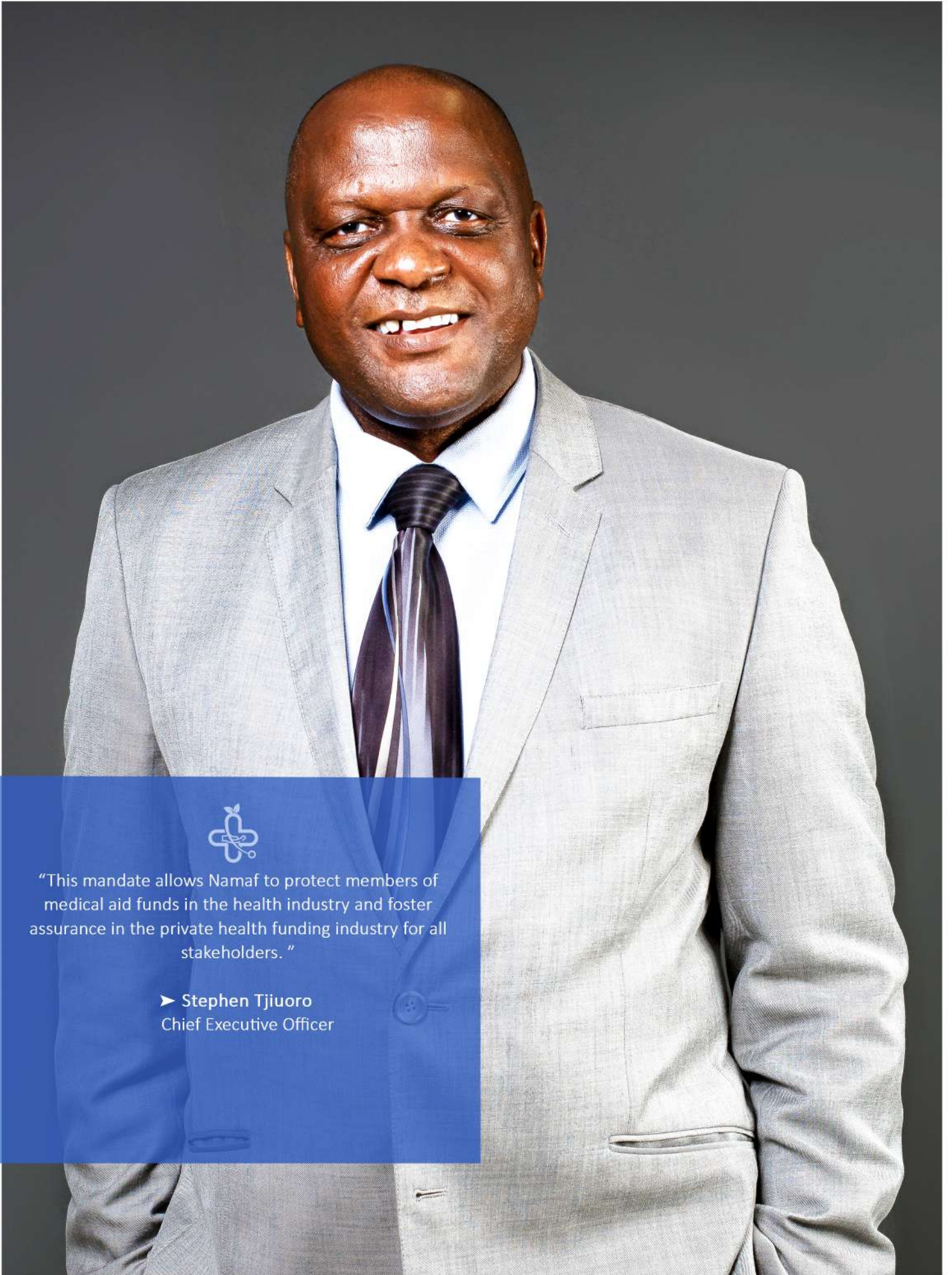
Chairperson





“The 2021 financial year has not been an easy one for Namaf. The outbreak of the coronavirus pandemic set off unprecedented ripples of health, economic, social, and political challenges. Despite this, the organisation achieved its objectives, goals, and target in the 2021 financial year.”

► Ms. Lea Namoloh



“This mandate allows Namaf to protect members of medical aid funds in the health industry and foster assurance in the private health funding industry for all stakeholders.”

► **Stephen Tjiuoro**  
Chief Executive Officer



## 1.2 Chief Executive Officer's Report

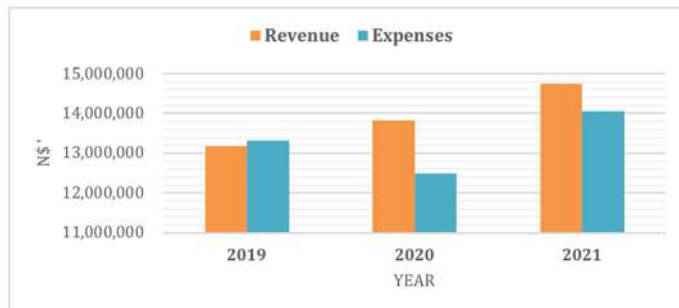
The object of Namaf, in terms of Section (10) 3 of the Medical Aid Funds Act, is to promote, coordinate, control, and encourage the establishment, development, and functioning of medical aid funds in the country. This mandate allows Namaf to protect members of medical aid funds in the health industry and foster assurance in the private health funding industry for all stakeholders. The 2017/2020 transformational strategy paved the way for Namaf from being transactional to a strategically focused entity driven to deliver its statutory objects. The period under review, which marks the first year of Namaf's Three-year Strategy, saw much being achieved despite the challenges of the COVID-19 pandemic.

The risk management framework embedded within Namaf's operations and driven by MC showed its worth now more than ever by providing the necessary support and resilience to ensure the organisation continued achieving its set strategic objectives.

These objectives were attained through effective leadership and oversight by the Management, enhanced stakeholder engagement and communications timely and transparent decision making, continuous risk management, and organisational performance management. The secretariat's annual plan for 2021 lent a systematic focus to change activities, and I am pleased to report that we met the majority of the identified target for the year.

### Key operational highlights

a) Namaf's total income for the year ending 31 December 2021 amounted to N\$14.7 million, with expenditure totaling N\$14 million. The operating surplus for the year amounted to N\$758 000, a decrease of 43% from the prior year's operating surplus of N\$1,332,000. The total income represents a 6.6% percent increase compared to last year's total income. The total expenditures represent a 12% increase compared to the preceding year's total expenditures.



b) On an annual basis, Namaf consults with the various associations representing different healthcare professions on the cost linked to the procedure codes. Based on those consultations, the benchmark tariffs are set by looking at the procedure coding and billing guidelines. Namaf successfully reviewed procedure codes and benchmark tariffs during the reporting period and availed relevant benchmark tariffs to the industry.

c) The development of the Risk Management Framework ensured that five out of the seven mitigated to acceptable risk levels.

d) Continued and coordinated stakeholder engagement to share relevant knowledge and strengthen relationships. The training focused on industry preparation for diagnostic code (ICD-10) improved knowledge and understanding among stakeholders.

e) This strategic theme focuses on collaborating and strengthening partnerships with international entities having similar objects and local institutions of higher learning. The mutual relationships would be aimed at benchmarking and carrying out action research on healthcare financing and delivery to aid evidence-based policy decisions and system improvement.

a. Namaf signed MoU with the Council of Medical Schemes (CMS) of South Africa. In contrast, the MoU is already bearing fruits with the exchange of information on designated provider contracting and WAF.

b. Namaf signed an MoU with the University of Namibia.

"I have the greatest admiration for both because, throughout the year, they remained unwavering in their commitment to nudging the industry into creating a sustainable healthcare ecosystem that offers value to its beneficiaries in terms of access to quality healthcare services."





## Operational challenges

Naturally, the year under review was not without challenges. While the procedure coding structure is well established in Namibia and functions effectively within the medical aid industry, it does not suffice to fully capture all aspects of a health event and related services. To create a more comprehensive coding structure, diagnostic codes, and NAPPI codes (ethical, surgical, and consumable products), the delay in the implementation of ICD-10 and Namibian NAPPI product benchmark tariff was one of those operational challenges that hindered Namaf in offering a comprehensive framework to the industry.

This comprehensive framework is fundamental to the design of MAF benefits and the mitigation of waste, abuse, and fraud within the medical funding industry.

## Looking ahead to 2022

The attraction of key staff remains a high priority moving forward to ensure strategy implementation and delivery of Namaf's mandate. The PCNS Consultant will be recruited in 2022.

## Conclusion

In conclusion, leading an organisation through a pandemic can be difficult; however, it is made less so by a supportive Management Committee and dedicated staff. I have the greatest admiration for both because, throughout the year, they remained unwavering in their commitment to nudging the industry into creating a sustainable healthcare ecosystem that offers value to its beneficiaries in terms of access to quality healthcare services.

I am profoundly grateful to the Management Committee, under the able leadership of Mrs. Lea Namoloh, and the secretariat and stakeholders for another year of collaborative effort towards the realization of our strategic plan. As we advance, we will continue to adhere to good governance and sound financial Management and face 2022 armed with the commitment to forge ahead with implementing our strategic goal.

**Mr. Stephen Tjiuoro**



Chief Executive Officer



“ Over the course of 2021, our CEO and his staff have proven that they are more than capable of tackling the tasks and challenges ahead with vigor and determination. ”

► **Ms. Lea Namoloh (Chairperson)**



### 1.3 Strategic Overview

OUR VALUES	<b>MISSION VALUES:</b>	<b>PEOPLE VALUES</b>
	<p><b>Accountability</b> Enhance the health economy, efficiency, effectiveness, and credibility of Namaf.</p> <p><b>Integrity</b> Conduct professional, objective, fact-based, fair and balanced work.</p> <p><b>Reliable</b> Produce timely, accurate, useful and clear.</p>	<p><b>Valued</b> Seek out and appreciate each person's perspective</p> <p><b>Respected</b> Treat everyone with dignity</p> <p><b>Teamwork</b> People working in atmosphere of mutual support and trust and working together cohesively.</p>

**VISION**

To be a recognised leader in the provision of a conducive environment for a sustainable private healthcare funding industry.

**MISSION**

To enable the optimum functionality of the Namibian private healthcare industry to maximise value\* for beneficiaries of medical aid funds.

\*Value = cost/quality, where quality is a combination of (1) structure (access); (2) processes; and (3) outcomes.



## 1.4 Legislative

The Namibian Association of Medical Aid Funds (Namaf) is a statutory body, established under the provisions of section 10 of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995) (the MAF Act). In terms of section 10 (3) of the MAF Act, Namaf's statutory object is to control, promote, encourage and coordinate the establishment, development, and functioning of funds in Namibia.

**Namaf's core functions are:**

(a) **Promote:** Training and education of internal and external stakeholders are central to promoting the establishment, development, and functioning of medical aid funds in Namibia.

Internal education and training of MAFs and healthcare providers (HCPs) create an understanding of rules and regulations, policies and procedures, and the roles and responsibilities of the different industry players. This awareness enables compliance, good clinical and corporate governance, and optimal functioning in the claims management system and tariff benchmarking process. Engaging and communicating with medical aid members and the general public regarding the basic functioning of MAFs and Namaf's role to protect consumer interests encourages the responsible use of medical aid funds' resources and reduces the risk of fraud, waste, and abuse.

Therefore, internal and external training creates stability and sustainability within the industry for the benefit of all stakeholders.

(b) **Coordinate:** Namaf acts as a stakeholder coordinator by connecting and facilitating communication between MAFs, HCPs, and other key industry stakeholders. This industrywide stakeholder engagement creates awareness and understanding of the industry's issues, allows stakeholders to interact, gives input into decision-making processes that inform policy, and contributes to an effective system.

Through its role as a functional coordinator of the industry, Namaf ensures no overlap or duplication between the roles and functions of different stakeholders.

**Control:** Setting standards, providing guidelines on industry best practice, and publishing and enforcing regulations is central to effectively controlling the industry and defining the environment within which MAFs and HCPs operate. This framework must complement other legislative instruments within the industry to ensure an effective overall system.

As part of the control function, Namaf, in consultation with the line minister, is responsible for policy formulation and industry compliance in section 44 of the Medical Aid Funds Act.

(d) **Encourage:** Namaf encourages compliance by engaging stakeholders in formulating rules, regulations, policies, and procedures. This increases stakeholder buy-in, support, and participation and thus ensures a stable industry with a clear sense of direction. Through its role in the industry, Namaf also plays a vital part in amending national laws and guiding government policies.

Although Namaf is not involved in the day-to-day operations or the benefit structures of MAFs, it encourages optimal and coordinated functioning of MAFs, which includes streamlined and standardised processes and procedures, centralised data analyses, and maintenance of tariff and procedure codes.

For achieving the above objectives, section 12 of the MAF Act empowers Namaf to consider "any matter affecting medical aid funds or the members of such funds and make representations or take action in connection in addition to that, as it may deem advisable." This section further provides that Namaf may "generally, do anything conducive to achieving its objectives and the exercise of its powers, whether or not it relates to any matter expressly mentioned in the section."





#### 1.4.1 Ministry of Finance

In terms of the Medical Aid Funds Amendment Act, 11 of 2016, the Minister of Finance is responsible for administering the Medical Aid Funds Act, 23 of 1995. It is, therefore, the oversight and line Minister of Namaf. In terms of section 20 (3) of the MAFs Act, 1995, the Namaf Management Committee must provide the Minister with audited financial statements and activities of Namaf and other information as the Minister may from time to time require after the end of each financial year.



**Mr. Lipumbu Shiimi**  
Minister of Finance

#### 1.4.2 Ministry of Health and Social Services (MoHSS)

The Ministry of Health and Social Services is mandated to oversee and regulate public, private, and non-government organisations toward quality health and social services, ensuring equity, accessibility, affordability, and sustainability.

The MAF Act was created under the auspices of the then Minister of Health and Social Services to provide a legal framework within which Namaf and MAFs operate. The Ministry of Health and Social Services is responsible for national healthcare policies, and Namaf is about financing the delivery of those products produced in line with those healthcare policies, thereby assisting the Ministry of Health and Social Service in addressing sustainability in health.

#### 1.4.3 Ministry of Home Affairs and Immigration

One of the primary objectives of the Ministry of Home Affairs and Immigration is to facilitate legal migration into and out of Namibia. As part of this role, it is responsible for issuing visas and work permits to foreign healthcare providers wishing to practice in Namibia. Namaf only issues practice numbers to foreign HCPs if they have valid work permits and visas and comply with specific conditions stipulated in those work permits.

Close collaboration and coordination between Namaf, the Ministry, and the HPCNA is essential to ensure that work permits and visas issued to foreign HCPs do not contradict the provisions and ethical rules of the HPCNA.

#### 1.4.4 Ministry of Industrialisation, Trade and SME Development

The Ministry of Industrialisation, Trade, and SME Development is mandated to develop and manage Namibia's economic, regulatory framework, promote economic growth and development by formulating and implementing appropriate policies to attract investment, increase trade, and expand the country's industrial base. The Ministry also provides permits to foreign medical professionals who seek to invest in Namibia and create employment for Namibians. To ensure that foreign medical professionals satisfy all the requirements of the HPCNA, the Ministry needs to consider health-related policies before issuing such permits. This is important because HCPs can only receive a practice number from Namaf once the HPCNA has issued the relevant documentation. Similarly, the Ministry must consider the requirements that a foreign HCP's practice or surgery must satisfy in terms of the Ministry of Health and Social Services criteria.

## Regulatory Bodies

### 1.4.5 Namibia Financial Institutions Supervisory Authority (NAMFISA)

NAMFISA is a statutory body established in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) (hereafter referred to as the NAMFISA Act). In terms of sections 3 and 4 of the MAF Act, the relevance of NAMFISA's work to Namaf is the approval and registration of Medical Aid Funds and, more so, the approval of rules. This is known as prudential supervision.

### 1.4.6 Health Professions Council of Namibia (HPCNA)

The HPCNA is the regulator of health professionals in Namibia. All healthcare providers must register with the Council to practice in the medical field in Namibia. In addition, the Council defines and determines the scope of service of HCPs.

The HPCNA is made up of the following five councils, which are administered by one secretariat:

- Medical and Dental Council
- Nursing Council
- Pharmacy Council
- Social Work and Psychology Council
- Allied Health Professions Council

The registration of an HCP with the respective Council involves a strictly regulated evaluation process to determine the knowledge, skills, and competencies of the HCP. Upon registration, the Council issues a practitioner number.

Although Namaf has no jurisdiction over healthcare providers in Namibia, it does issue practice numbers legally required if an HCP's claims are to be recognised by MAFs. These practice numbers can only be provided if an HCP has a certificate of registration from the HPCNA.

The HPCNA is one of the main pillars to help Namaf determine if an HCP is qualified and thus eligible for a practice number.

### 1.4.7 Namibia Medicine Regulatory Council (NMRC)

The NMRC is a statutory body established in terms of the Medicines and Related Substances Control Act, 2003 (Act No. 13 of 2003) to regulate the use of medicines and scheduled substances in Namibia. The registration of medicines is the focal point of its regulatory framework.

Although the pharmaceutical industry in Namibia is regulated, the prices of medicines are not regulated. Most of the HCPs in the industry make use of Medikredit SA's NAPPI (National Pharmaceutical Product Index) codes to identify medicines and other medical products to compile claims for submission to medical aid funds. The medical aid funds' administrators equally use these codes to process and adjudicate claims. However, these codes are not standardised across the

country, and most MAF Administrators make changes according to their needs, which leads to a lack of consistency in the issuing and application of NAPPI codes in the country.

Since medicines make up a large portion of the total claims paid by MAFs, a standardised coding structure, which will enable proper industry regulation for the benefit and protection of the consumer, needs to be created.

### 1.4.8 Namibian Competition Commission (NaCC)

The NaCC was established in terms of the Competition Act, 2003 (Act No. 2 of 2003) to regulate competition issues across all sectors of the Namibian economy. In terms of the Act, the Commission is the principal institution to promote and safeguard fair competition in Namibia by promoting the efficiency, adaptability, and development of the Namibian economy.

Healthcare is so technical that consumers have little knowledge about timing of healthcare needs, the precise nature of the need when it occurs, the optimal treatment option, and the effectiveness of the outcome and associated utility they are to derive from such treatment. These factors force the patients (as Principal) to virtually appoint the healthcare provider as their agents to advise them



in respect of all the above. Such arrangement puts the healthcare provider (producer) in a monopolistic relationship against the patients. This analogy places HCP in the same position as producers in a monopoly who are price makers and turn to be driven by maximization of their profits. They distort the allocation of resources.

Namaf does not regulate anti-competitive and monopolistic behavior. Therefore, close collaboration and cooperation with the NaCC is vital for protecting consumers.

#### 1.4.9 Associations of Healthcare Professionals

Medical professionals from different disciplines form voluntary associations based on special fields of interest. Associations are independent of the five HPCNA Councils, and membership is voluntary. Associations frequently seek to represent members' interests, much like unions do.

Namaf engages these associations on industry issues that pertain to their scopes of practice as and when necessary. For example, medical technology and treatments advancement give rise to new practices and the need for new procedure codes to capture these practices. In such cases, associations prepare submissions to Namaf, which are subsequently approved or denied by the Namaf Management Committee (MC).

#### 1.5 Registered Medical Aid Funds in terms of the Medical Aid Funds Act, 1995 (Act No.23 of 1995)

In terms of section 11 of the MAF, 1995, Namaf is constituted by all registered MAFs. Herewith is a list of registered MAFs to Namaf during the period under review

- (a) Renaissance Health Medical Aid Fund
- (b) Napotel
- (c) Nammed
- (d) Namibia Health Plan (NHP)
- (e) Namibia Medical Care (NMC)
- (f) BankMed Namibia
- (g) Heritage Health Medical Aid Fund Namibia
- (h) GemHealth Medical Scheme

In terms of section 26 of the MAF Act, 1995, upon registration, Medical Aid Funds are creatures of stature capable of doing all such things as may be necessary in exercising its powers and performing its functions in terms of its fund rules. The rules of a registered Medical Aid Fund are binding on the fund and the members and their dependents and the trustees, principal officers, and employees of the fund.





## 2. Governance



### 2.1 Management Committee Membership (MC)

In terms of section 13 of the MAFs Act, 1995 the governance and general control of Namaf and of all its affairs and functions, are vested in the MC, which is tasked to executing Namaf's statutory mandate.

The MC is composed of nine members, seven of which are voting members and two co-opted members elected by the authorised representative nominated by all registered medical aid funds. MAFs with more than 2000 members nominate a maximum of two authorised representatives for election, while MAFs with less than 2000 members nominate one authorised representative. Once elected, members of the MC hold office for three years, where after they are eligible for re-election. Once elected, the MC amongst themselves elects the President, Vice-President, and Treasurer of the MC.

The term of the current MC started from 17 July 2020 to 16 July 2023.

#### Management Committee 2021

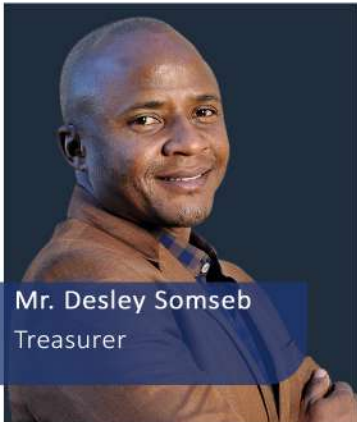
Ms. Lea Namoloh	Chairperson
Mr. Pieter Theron	Vice-Chairperson
Mr. Desley Somseb	Treasurer
Ms. Loide Nashandih	Member
Ms. Alison Begley	Member
Mr. Benjamin Amuenje	Member
Mr. Stephen Tjuoro	Chief Executive Officer (Ex-Officio)
Mr. Gabriel Tjombe	Member
Ms. Esme Botes	Co-Opted Member (Appointed 1 January 2021, resigned 31 May 2021)
Mr. John Fahl	Co-Opted Member (Resigned 28 February 2021)
Mr. Elton Black	Co-Opted Member (Appointed 1 May 2021, resigned 31 August 2021)
Ms. Valeria Muchero	Co-Opted Member (Appointed 1 September 2021)
Ms. Siphokazi Kangowa	Co-Opted Member (Appointed 1 July 2021)



Ms. Lea Namoloh  
Chairperson



Mr. Pieter Theron  
Vice-Chairperson



Mr. Desley Somseb  
Treasurer



Ms. Loide Nashandih  
Member



Ms. Alison Begley  
Member



Mr. Benjamin Amuenje  
Member



Mr. Stephen Tjiuoro  
CEO (Ex-Officio)



Mr. Gabriel Tjombe  
Member



Ms. Valeria Muchero  
Co-Opted Member



Ms. Siphokazi Kangowa  
Co-Opted Member

Management Committee





### 2.1.1 Meetings

In terms of section 16 of the MAFs Act, 1995, the MC must at least convene four meetings per year with intervals of no more than three months. The MC held four (4) ordinary meetings and three (3) extraordinary meetings during the reporting period.

### 2.2 Committees of the Management Committee

In terms of section 15(1) of MAF Act, the MC established committees to assist it to perform its functions and appointed experts from different disciplines in the healthcare industry. The rationale for Committees is for MC to divide its work into manageable chunks and tap into the specific talents, skills, and knowledge of individual MC members and experts from different specialties to enable the full MC to take decisions on matters delegated to Committees. Each committee is governed by a Terms of Reference and exercises powers that are delegated to it by the MC.

#### (a) Affordability Committee

The Affordability Committee (AffCom) is an advisory committee without decision-making powers. It is mandated to consider all matters relating to affordability and accessibility

The AffCom is comprised of experts in the private healthcare funding industry and corporate risk management, as well as two MC members:

Alison Begley	▶ Chairperson	MC Member
Beth Clayton	▶ Member	
Callie Schafer	▶ Member	
Elize Fahl	▶ Member	
Hester Spangenberg	▶ Member (resigned 21 February 2021)	
Koos Du Toit	▶ Member	
Gert Grobler	▶ Alternate Member	
Gabriel Tjombe	▶ Alternate Member	MC Member

The AffCom held four (4) statutory meetings during the year under review.

#### (b) Statutory Affairs and Risk Management Committee

The Statutory Affairs and Risk Management Committee considers matters related to health policy; legal, statutory, and forensic Management; and clinical and financial risk within the healthcare funding industry. It also fulfils an oversight role in respect of relationships within the healthcare funding industry. The sub-committee makes recommendations to the MC and has no decision-making authority.

The Statutory Affairs and Risk Management Committee is made up of legal and forensic management experts and two MC members:

Petrie Theron	▶ Chairperson	MC Member
Bertie Gagiano	▶ Member	
Desley Somseb	▶ Member	MC Member
Hinasha Mbudje	▶ Member	
Marvin Katuvesirauina	▶ Member	

The Statutory Affairs and Risk Management Committee held two (2) meetings during the reporting period.

### (c) Clinical and Coding Committee

The Clinical and Coding Committee considers and advises the MC on clinical matters. The Clinical and Coding Committee deals with clinical coding, including annual coding changes, medical aid funds risk exposure, and clinical risk management matters that affect the private healthcare funding industry. The sub-committee does not have executive powers.

It is made up of three MC members, HCPs, and individuals with knowledge of clinical coding structures:

Dolly Nashandi-Endjambi	▶Chairperson	MC member
Dr. Erich Mansfeld	▶Member	
Dr. Jacques Jonck	▶Member	
Esme Botes	▶Member	
Lea Namoloh	▶Member	MC member
Wessels Afrikaner	▶Member	
Benny Amuenje	▶Alternate Member	MC member
Dr. Nils Kock	▶Alternate	Member
Tiaan Serfontein	▶Alternate	Member

The Clinical and Coding Committee held four (4) meetings during the reporting period.

### (d) Human Resources Committee

The Human Resources (HR) Enhancing Committee is mandated to revise all HR-related policies, performance oversight and advise the MC on HR-related matters while aligning the Namaf secretariat staff compliment to the Strategic Plan 2021.

The HR Committee consists of three (3) MC members. During the reporting period, these members were Lea Namoloh (Chairperson), Dolly Nashandi-Endjambi, and Desley Somseb.

The HR Committee does not have a prescribed number of meetings per year but instead meets as the need arises. The HR Committee held three (3) meetings during the reporting period.

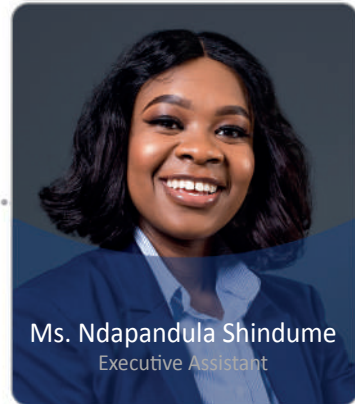




2.3 Organisational Structure



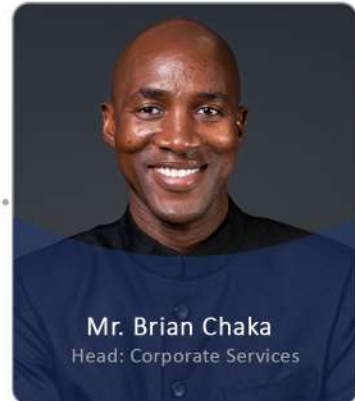
Mr. Stephen Tjiuoro  
Namaf Chief Executive Officer



Ms. Ndapandula Shindume  
Executive Assistant



Ms. Maggie da Silva Mota  
Head: Benefit & Risk



Mr. Brian Chaka  
Head: Corporate Services



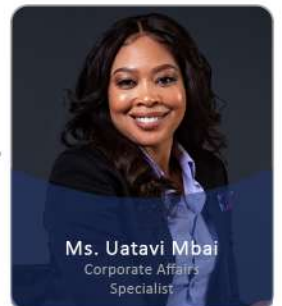
Ms. Ramona Mathupi  
PCNS Consultant



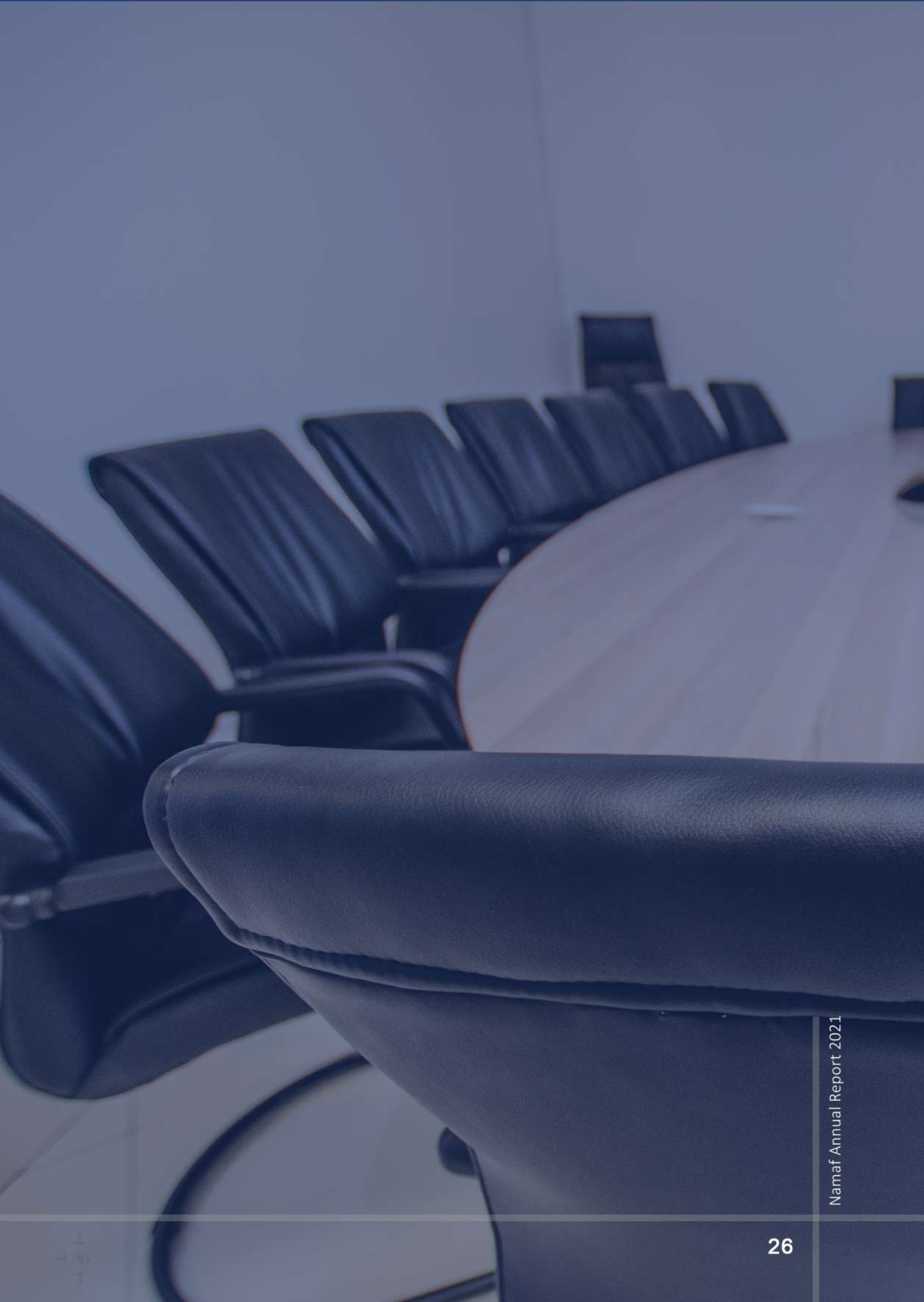
Ms. Tina Riruako  
Office Administrator



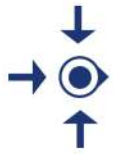
Ms. Justina Nelulu  
Financial Accountant



Ms. Uatavi Mbai  
Corporate Affairs  
Specialist







### 3. Institutional Performance in 2021




The 2017/2020 transformational strategy transitioned Namaf from being transactional to a strategically focused entity driven to deliver its statutory objects. In terms of section 10 (3) of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995), the statutory objects of Namaf are to *control, promote, encourage and coordinate the establishment, development, and functioning* of funds in Namibia.

MC approved the 2021-2023 strategy to deliver on the mandate. 2021/2023 Strategy is based on the following **five bold strategic themes**

 **Strategic Themes 1: Legislative and governance reform**

Goal	What do we mean?
Firm up Namaf as the regulator that provides clear leadership and direction in the governance of the healthcare industry.	<p>This strategic theme focuses on the four corners of Namaf's statutory objects as set out in the Medical Aid Funds Act, 1995 (Act No. 23 of 1995) and regulations, 1997. However, the MAFs Act, 1995, and regulations are inadequate. The following are the ultimate output of this strategic theme by the end strategic period:</p> <ul style="list-style-type: none"> <li>(a) Gazetted Section 44 regulations.</li> <li>(b) Amendments to the Medical Aid Funds Act 1995; and/or</li> <li>(c) Namaf Bill.</li> </ul>

 **Strategic Theme 2: The sustainability of the healthcare industry**

Goal	What do we mean?
To lead the healthcare industry in Namibia in the creation of a blueprint for a sustainable future	<p>This strategic theme is focused on creating a sustainable healthcare industry for the future. The following are the components of a blueprint for a sustainable future:</p> <ul style="list-style-type: none"> <li>(a) Conducive legislative and regulatory environment. This is covered in Strategic Theme 1;</li> <li>(b) Appropriate conduct of stakeholders: consumers induced demand, holders of Practice number (supplier induced demand), and MAFs obligation to mitigate the risk of Waste, Fraud, and Abuse.</li> <li>(c) Complete coding systems (PCNS, ICD, Procedures Codes, coding for medicines and surgical consumables), associated billing rules, and guidelines.</li> <li>(d) Continuous identification of drivers of healthcare inflation and barriers to affordability and access to care.</li> <li>(e) Development, implementation, and monitoring of implemented interventions and strategies; and</li> <li>(f) Strategic Risk Framework and annual risk mitigation plan.</li> </ul>







### Strategic Theme 3: Stakeholder participation and ownership

Goal	What do we mean?
To be at the forefront of a collaborative healthcare system, sharing knowledge and taking action to achieve real-benefit with and for stakeholders	<p>This strategic theme seeks, as its ultimate strategic output, satisfied stakeholders. This is envisaged to be an outcome of the following:</p> <ul style="list-style-type: none"> <li>(a) Maintain Namaf's accountability to the Minister of Finance and Annual General Meeting.</li> <li>(b) Engagement and consultation on crucial identified issues across Namaf functions; and</li> <li>(c) Namaf brand visibility and awareness.</li> </ul>



### Strategic Theme 4: Research, Development and Learning

Goal	What do we mean?
To be the catalyst of relevant research and learning in the industry.	<p>This strategic theme focuses on collaborating and strengthening partnerships with international entities having similar objects and local institutions of higher learning.</p> <p>The mutual relationships would be aimed at benchmarking and carrying out action research on healthcare financing and delivery to aid evidence-based policy decisions and system improvement.</p>



### Strategic Theme 5: Resource and Support

Goal	What do we mean?
To secure adequate resources and support for the effective strategy execution.	<p>This strategic theme seeks to provide human capital, finance, and information and technology support during the strategy delivery. The ultimate output of these components are:</p> <ul style="list-style-type: none"> <li>(a) <b>Human resources:</b> attract and retain a high-performing and competent staff.</li> <li>(b) <b>Finance:</b> maintain unqualified audit opinion status.</li> <li>(c) <b>Information and Technology:</b> established IT Governance framework</li> </ul>

## 2021 Organisational Performance

The Association recognizes and celebrates the key milestones achieved during the reporting period under five strategic themes that are crystalised from a stakeholder survey conducted in 2020. On 16 March 2021, the MC approved the Annual Performance Plan for the year ending 31 December 2021, and the following highlights and lowlights:

### 3.1 Performance achievements for the year ending 31 December 2021

Goal	Target	Achievements
To be at the forefront of a collaborative healthcare system, sharing knowledge and taking action to achieve real benefit with and for stakeholders.	<p>Maintain Namaf's accountability to the Minister of Finance and Annual General Meeting.</p> <p>Engagement and consultation on crucial identified issues across Namaf functions.</p>	<p>The annual report, including audited financial statements (AFS), was approved by MC and AGM and submitted to the Minister of Finance and Ministry of Health and Social Services.</p> <p>Training:                      Five Digit Radiology Coding Training                      Basic ICD-10 Coding                      Advanced ICD-10 Coding</p> <p>Trustee development training was held online from 19th-20th November 2021 to develop the trustees' skills serving on the Boards of Trustees of Medical Aid Funds.</p> <p>Annual engagement per cluster continued in a coordinated manner.</p>
To be the catalyst of relevant research, development, and learning in the industry.	We are fostering strategic partnerships with local and international institutions for research and development.	<p>Namaf signed MoU with the Council of Medical Schemes (CMS) of South Africa.</p> <ul style="list-style-type: none"> <li>- The MoU with CMS is already bearing fruits by exchanging information on designated provider contracting and WAF.</li> </ul> <p>Namaf signed MoU with UNAM and will hold a workshop in 2022 to prioritise research areas.</p>





### 3.1 Performance achievements for the year ending 31 December 2021 (continued..)

Goal	Target	Achievements
To secure adequate resources and support for effective strategy execution.	To attain an unqualified audit opinion.	Namaf obtained an unqualified audit opinion for the year ended 31 December 2021.
	Effective execution of the annual budget of 5% variance.	Namaf recorded a positive budget variance of below 5%, which is 3% above budget.
	Attain investment performance of inflation +1%	Namaf attained investment performance of inflation of 0.97% above the inflation of 3.5%.
	Strategic Risk Framework and annual risk mitigation plan.	MC approved the Risk Register on 16 November 2021.
	Staff signed performance agreements	All employees signed a performance agreement.
	Development of the Bespoke system	ICT Tactical Plan for the bespoke system was developed and aligned with the three-year strategy.

### 3.2 Other strategic highlights

The appointment of Namaf's CEO as a National Covid-19 Task Team member. This is evidence of executing Namaf's coordinating functions. The Ministry of Health and Social Services requested Namaf to assist in obtaining the costing for the Covid-19 vaccine. On Tuesday, 06 July 2021, we provided the Ministry with a simplified template to help them calculate the cost per person depending on which vaccine and the attendant cost associated with the acquisition of such.

Namaf appointment on the PSEMAS Reform Task Team resulted in a workshop was held that gave rise to Clinical Governance Services' appointment to review the PSEMAS benefit structure and cost.

### 3.3 Performance challenges

Despite significant performance achievements above, Namaf did not perform as expected on the following:

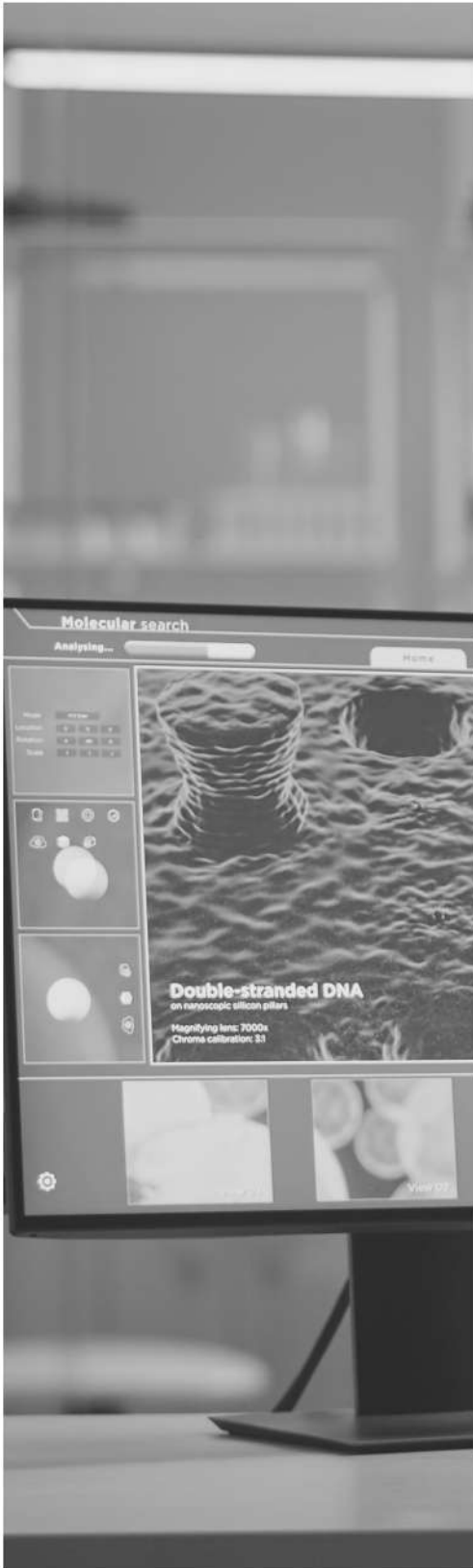
<p style="text-align: center;"><b>Target</b></p> <p>Firm up Namaf as the regulator that provides clear leadership and direction in the governance of the healthcare industry</p>	<p style="text-align: center;"><b>Goal</b></p> <p>Gazetted Section 44 Regulations</p>	<p style="text-align: center;"><b>Challenges</b></p> <p>(a) Namaf obtained a legal opinion on Section 44 regulations, which opined that draft regulations could be susceptible to legal challenge and, therefore, decided that the draft regulations kept in abeyance to be furnished to the Minister of finance and the Amendments to the Medical Aid Funds Act, 1995.</p>
<p style="text-align: center;"><b>Target</b></p> <p>To lead the healthcare industry in Namibia in the creation of a blueprint for a sustainable future.</p>	<p style="text-align: center;"><b>Goal</b></p> <p>Complete coding systems (PCNS, ICD, Procedures Codes, and coding for medicines and surgical consumables) and associated billing rules and guidelines.</p> <p>Continuous identification of drivers of healthcare inflation and barriers to affordability and access to care.</p>	<p style="text-align: center;"><b>Challenges</b></p> <p>(a) Due to inevitable delays, the NAPPI Product Price File coding system was not implemented in the reporting year.</p> <p>(b) Namaf did not achieve the legitimization of ICD-10 codes to render a claim valid.</p> <p>(a) Signature of the Memorandum of Understanding on interventions to address drivers of healthcare inflation: supplier induced demand, consumer induced demand, and conduct of Medical Aid Funds.</p>







## 4. Background Information: Understanding the Coding Structure



### 4.1 Practice Numbers

In accordance with regulation 5(1) of the regulations made under the Medical Aid Funds Act, Namaf issues practice numbers (PNs) to healthcare providers.

Practice numbers are a means of identifying healthcare providers and are linked to a scope of practice, which in turn links to procedure codes specific to the scope.

A practice number consists of 13 digits:

- The first three digits refer to the discipline and indicate the scope of practice in the case of healthcare practitioners and/or the type of facility in the case of hospitals and health facilities.
- The second set of 3 digits is called the sub-discipline. It communicates and/or indicates additional information, such as the specialty of the healthcare practitioner and/or equipment and services which a specific health facility has or provides.
- The third component of the practice numbers consists of the last seven digits, which are unique because these seven digits identify the specific HCP and health facility/hospital. No two health facilities/hospitals or individual HCPs have the same last seven digits. These digits contain essential information, such as the physical address of the practice or health facility, banking details, contact details, and personal information in the case of individual HCPs, such as ID and HPCNA registration numbers.

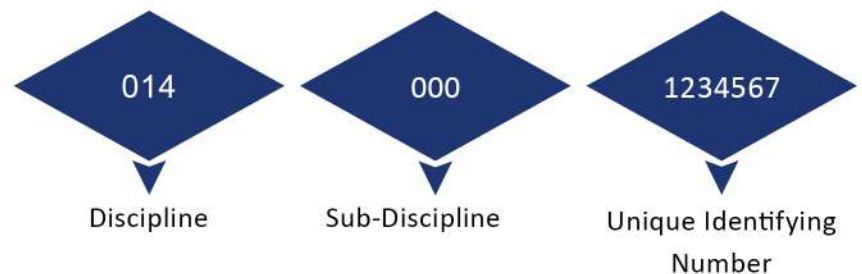


Figure 9: Components of a practice number

Practice numbers are issued in line with the information provided and obtained from the HPCNA registration for individuals and the MoHSS certificate/license. This information informs the discipline of the practice number. The discipline of the practice number links directly to a specific coding schedule, which is created in accordance with the specific scope of practice of a provider. Thus, if a practice number begins with 014, for example, then this indicates that the practice number is issued to a General Practitioner. The coding structure for a General Practitioner is also indicated as the '014' coding structure. Administrative systems are thus able to match the specific claim submitted by an HCP with a specific practice number to a specific coding structure.

Essentially, the information contained in PNs defines the procedures that an HCP is allowed to perform and bill patients for. Thus, the practice numbers, which are a requirement for claiming from MAFs, enable Namaf and its affiliated funds to manage claims. The claims data received from MAFs allows Namaf to identify fraud, waste, and abuse and link these to the HCPs through the practice number. As such, practice numbers are part of the risk mitigation process aimed at consumer protection.

Administering the practice number system is a tool for initiating proper payment management and processing of claims by registered funds. Mandatory PN registration and renewals take place from January to April every year.

#### 4.2 Coding Structure

Coding structures are used in the healthcare industry to facilitate the description of and billing for health events. They are vital for the design of MAF benefits and the mitigation of fraud, waste, and abuse within the healthcare funding industry.

A comprehensive coding structure consists of the following types of codes:



Together, these coding structures create a complete picture of all stages of a health event:

The patient arrived with *these* symptoms (represented by diagnostic code) and *these* procedures were performed (represented by procedure code) and *these* consumables/products were prescribed (represented by medical consumables/products code)

The procedure coding structure is well established in Namibia and functions effectively within the medical aid industry. However, diagnostic codes and codes for ethical, surgical, and consumable products still need to be adopted to create a more comprehensive coding structure.





### 4.2.1 Diagnostic codes

The International Classification of Diseases and Related Health Problems (ICD), developed by the World Health Organization, is the international standard for facilitating and organising the communication of a diagnosis of a patient's condition. Among other things, the ICD coding structure is used to translate diagnoses of diseases and other health information into an alphanumeric code, which allows storage, retrieval, and analysis of the data. For example, J03.9 is the ICD code for acute tonsillitis (unspecified), and G40.9 denotes epilepsy (unspecified).

Namaf has introduced ICD-10, which implementation is a multi-phase process; during phase 1 of the implementation of ICD-10, the unspecified code will suffice, as we encourage all to use ICD-10 codes whether correct or not at this stage. To ensure it is effective, ongoing training of all stakeholders is offered within the industry. Once phase 2 is implemented the ICD-10 coding structure, it will become the compulsory industry standard, meaning that all HCPs will be legally required to use the ICD-10 codes when interacting with medical aid fund members.

### 4.2.2 Procedure codes

Procedure codes translate medical treatments and procedures into numbers. In Namibia, the internationally accepted CPT® (Current Procedural Terminology) code structure, originally developed by the American Medical Association (AMA), is referenced during the development and maintenance processes that apply to the procedure coding systems used by Namaf. CPT® codes are numbers assigned to every task and service a medical practitioner

may provide to a patient, including medical and surgical services.

Procedure codes also include hospital codes, which identify, among other things, the type of facility, theatre charges, type of ward and type of equipment used in the course of a patient's treatment. However, due to the absence of diagnostic codes in Namibia, hospital codes cannot be used to their full potential.

Namaf's procedure coding structure consists of five elements:

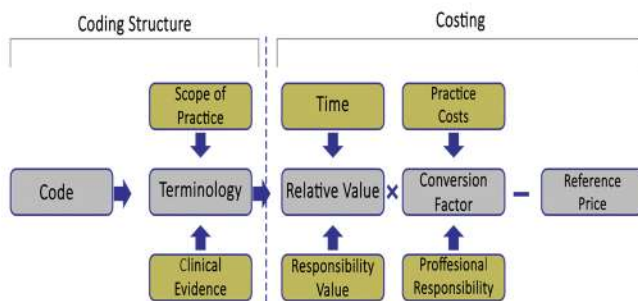
- 1) A numeric or alphanumeric code that is unique and designed to facilitate:
  - Electronic communication between parties
  - Accurate submission and processing of claims
  - Data analyses
- 2) A descriptor that provides the description in words of each of the codes must have the following characteristics:
  - It must be unique
  - The wording must be unambiguous and must lend itself to the same interpretation by all parties concerned
  - It must describe the full service of the procedure
- 3) A relative unit value which is related to the average duration of a procedure or service, adjusted for:
  - The relative complexity of the procedure
  - The relative levels of skill and expertise required to perform the procedure or provide the service
  - The relative risk associated with a procedure or service





- 4) A monetary conversion factor which represents the reasonable average cost of providing service or performing a procedure, noting that such costs will inevitably vary by specialty or service provider type
- 5) The relative value units are multiplied by the monetary conversion factors to determine the benchmark tariffs for each service or procedure.

Figure x provides a summary of Namaf's procedure coding structure.



**Figure x: Namaf procedure coding structure components**

The procedure codes contain the intelligence needed for the processing of claims by MAFs and for identifying possible instances of fraud, waste and abuse. As new medical procedures are developed or new technology is deployed in the medical industry, Namaf adds to or amends the procedure coding structure to accommodate these developments.

It is important to note that procedure codes represent compulsory industry standards, meaning that all HCPs are legally required to make use of them when interacting with medical aid funds. These codes can be described as a 'common language' that is applied by all parties in order to ensure common understanding.

As part of the procedure codes, Namaf publishes billing guidelines and rules.

### i) Billing guidelines and rules

Billing guidelines and rules form integral parts of the Namaf procedure coding structure. They represent standards according to which the procedure coding structure should be used, notably with respect to:

- Who may or may not use the codes
- Codes that may and may not be used together
- The circumstances under which codes may or may not be used
- The circumstances under which codes may be combined

Given the fact that coding systems refer to average situations, i.e. the average care that an average patient will require under average circumstances, provisions must be made for deviations from average circumstances. Such provisions are made through so-called modifiers that allow adjustments when actual circumstances deviate from the average.

### ii) Benchmark tariffs

Benchmark tariffs are determined by multiplying the relative value of a procedure with the monetary conversion factor pertaining to that procedure or service and/or practitioner or facility type. The relative values can be benchmarked against international norms and standards, to the extent that these are available, and this benchmarking assists with obtaining credibility. However, the monetary conversion factors should be based upon input costs and these necessarily vary by country and region, meaning that international benchmarking is less feasible.

The Namaf inflation adjustment model takes six input factors into account, and the relative weights vary by healthcare service provider type.



The annual increases for each of the input factors are derived from information that is available in the public domain, but providers are invited to make submissions motivating extraordinary increases or changes in the weighting factors applied.

Benchmark tariffs are intended to serve as guidelines as to the reasonable cost of specified categories of medical services. Unlike the procedure codes and billing guidelines, benchmark tariffs are not compulsory, meaning that MAFs are not bound to adhere to them.

Instead, each Namaf-affiliated MAF determines its own benefits and members' contributions with reference to the benefit options as set out in their rules. Each fund has different benefit options, which in turn differ in how they are structured. The benefits (level of reimbursement) are specified in terms of a percentage of the benchmark tariff. The funds make use of actuarial advice in setting their contributions with reference to the benefit structure offered in their rules. The variations in benefits offered by different MAFs relate to the types of services and procedures covered and the extent and level to which they are covered as a percentage of the benchmark tariff. The MAFs, in turn, pay medical service providers relative to the benchmark tariff as a percentage that can exceed 100%. This is done through their Administrators and managed care organisations.

In addition, benchmark tariffs do not prescribe what a healthcare provider can or should charge a patient for a specific treatment or service. The healthcare provider can charge more or less than the benchmark tariff, subject to their preference. Suppose a healthcare provider charges more than a MAF's benefit tariff for a treatment or service. The MAF will only pay the benefit tariff amount, and the patient is responsible for paying the difference.

#### 4.2.3 Codes for ethical, surgical, and consumable products

The National Pharmaceutical Product Index (NAPPI) codes used in South Africa identify and classify ethical (e.g. medicines), surgical (e.g. prostheses, surgical instruments), and consumable (e.g., gloves, syringes) medical products.

NAPPI codes enable the electronic transfer of information throughout the healthcare delivery chain. Service providers and MAFs can identify items and medicines used in the course of a patient's treatment and the prices of these items and medicines by using the NAPPI codes.

Namibia does not have its own national standard (NAPPI) coding structure that captures ethical, surgical, and consumable products. Therefore, the Namaf MC directed the secretariat to appoint MediKredit SA to develop a NAPPI coding structure for Namibia during the reporting period. This coding structure will enable the development of a price file to capture benchmark prices of items identified by the NAPPI codes. The single exit price of an item will be determined by factors such as the manufacturer's selling price, transport costs, overheads, and markup. The current lack of a price file means that there is no benchmark price for medicines and medical products, leaving suppliers to set prices in the absence of a system for determining the reasonability of such prices.

Once they come into effect, NAPPI codes will represent compulsory industry standards that all HCPs are legally required to use when interacting with MAFs.

In conclusion, a comprehensive coding structure is the best risk management strategy for industry waste, abuse, and fraud and an effective tool for controlling expenses.

Therefore, the industry needs to adopt ICD-10 and NAPPI codes to complement Namaf's existing procedure coding structure.











## 5. Annual Financial Statements



# Namibian Association of Medical Aid Funds (NAMAF)

Annual financial statements  
for the year ended 31 December 2021



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## General Information

---

<b>Country of incorporation and domicile</b>	Namibia
<b>Nature of business and principal activities</b>	The Namibian Association of Medical Aid Funds (NAMAF) is a juristic body, established in terms of the Medical Aid Funds Act, 1995 (Act 23 of 1995) to control, promote, encourage and co-ordinate the establishment, development and functioning of Medical Aid Funds in Namibia.
<b>Management Committee</b>	L.A. Namoloh (Chairperson) P. Theron (Vice Chairperson) D.H. Somseb (Treasurer) G. Tjombe (Member) A. Amuenje (Member) L.D. Nashandi (Member) A. Begley (Member) V. Muchero (Member) S. Kangowa (Member)
<b>Registered office</b>	24 Orban Street Klein Windhoek Windhoek Namibia
<b>Bankers</b>	Nedbank Namibia Limited First National Bank Namibia Limited
<b>Auditors</b>	SGA Registered Accountants and Auditors Chartered Accountants (Namibia)



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Index

---

The reports and statements set out below comprise the annual financial statements presented to the stakeholders:

<b>Index</b>	<b>Page</b>
Independent Auditor's Report	3 - 4
Management Committee's Responsibilities and Approval	5
Management Committee's Report	6 - 7
Statement of Financial Position	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 17
Notes to the Annual Financial Statements	18 - 22
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	23 - 24



CHARTERED  
ACCOUNTANTS  
& AUDITORS

Telephone: +264 61 276 000 | Facsimile: +264 61 232 309  
Email: windhoek@sga-na.com | www.sga.com.na  
Physical: 24 Orban Street, Klein Windhoek, Windhoek, Namibia  
Postal: PO Box 30, Windhoek, Namibia, 10005

PRACTICE NUMBER 9417

## Independent Auditor's Report

---

To the stakeholders of Namibian Association of Medical Aid Funds (NAMAF)

### Opinion

We have audited the annual financial statements of Namibian Association of Medical Aid Funds (NAMAF) set out on pages 6 to 22, which comprise the management committee's report, statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Namibian Association of Medical Aid Funds (NAMAF) as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the Namibian Statement of Generally Accepted Accounting Practice – NAC001: Financial Reporting for Small and Medium Sized Entities and the requirements of the Medical Aid Funds Act.

### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the association in accordance with the International Ethics Standards Board for Accountants *International Code for Ethics for Professional Accountants (including International Independence Standards)* and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

We draw attention to note 1.1 - Basis of preparation, to the annual financial statements which indicates that the presentations and disclosures contained in these annual financial statements are not intended to, and do not, comply with the requirements of the International Financial Reporting Standards. Our opinion is not modified in respect of this matter.

### Other information

The management committee are responsible for the other information. The other information comprises the detailed income statement as set out on pages 23 to 24. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of the management committee for the Annual Financial Statements

The management committee are responsible for the preparation and fair presentation of the annual financial statements in accordance with the Namibian Statement of Generally Accepted Accounting Practice – NAC001: Financial Reporting for Small and Medium Sized Entities and the requirements of the Medical Aid Funds Act, and for such internal control as the management committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management committee are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and the business activities within the association to express an opinion on the annual financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the management committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



SGA

Registered Accountants and Auditors  
Chartered Accountants (Namibia)

Per: E. Geertsema  
Partner

Windhoek ... Namibia  
27 April 2022



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Management Committee's Responsibilities and Approval

---

The management committee are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the Namibian Statement of Generally Accepted Accounting Practice – NAC001: Financial Reporting for Small and Medium Sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the Namibian Statement of Generally Accepted Accounting Practice – NAC001: Financial Reporting for Small and Medium Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

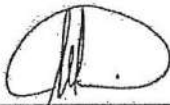
The management committee acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the management committee to meet these responsibilities, the management committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The management committee are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

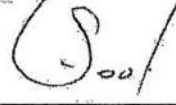
The management committee have reviewed the association's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the association has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 6 to 24, which have been prepared on the going concern basis, were approved by the management committee on 26 April 2022 and were signed on their behalf by:



L.A. Namoloh (Chairperson)



S. Tjiuro (CEO)

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Management Committee's Report

The management committee have pleasure in submitting their report on the annual financial statements of Namibian Association of Medical Aid Funds (NAMAF) for the year ended 31 December 2021.

### 1. Nature of business

Namibian Association of Medical Aid Funds (NAMAF) was incorporated under the Medical Aid Funds Act and it serves to control, promote, encourage and co-ordinate the establishment, development and functioning of Medical Aid Funds in Namibia.

There have been no material changes to the nature of the association's business from the prior year.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the accounting policies of the association and the requirements of the Medical Aid Funds Act. The accounting policies have been applied consistently compared to the prior year, except for the change in the reporting framework from the association's own accounting policies to the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities.

Full details of the financial position, results of operations and cash flows of the association are set out in these annual financial statements.

### 3. Management committee

The management committee in office at the date of this report are as follows:

<b>Name:</b>	<b>Nationality</b>	<b>Changes</b>
L.A. Namoloh (Chairperson)	Namibian	
P. Theron (Vice Chairperson)	Namibian	
D.H. Somseb (Treasurer)	Namibian	
G. Tjombe (Member)	Namibian	
A. Amuenje (Member)	Namibian	
L.D. Nashandi (Member)	Namibian	
A. Begley (Member)	Namibian	
E. Botes (Co-opted Member)	Namibian	Appointed 1 January 2021, resigned 31 May 2021
J. Fahl (Co-opted Member)	Namibian	Resigned 28 February 2021
V. Muchero (Member)	Zimbabwean	Appointed 1 September 2021
S. Kangowa (Member)	South African	Appointed 1 July 2021
E. Black (Co-opted Member)	Namibian	Appointed 1 May 2021, resigned 31 August 2021

### 4. Events after the reporting period

The management committee are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 5. Going concern

The management committee believes that the association has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The management committee has satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The management committee are not aware of any new material changes that may adversely impact the association. The management committee are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

# **Namibian Association of Medical Aid Funds (NAMAF)**

Annual Financial Statements for the year ended 31 December 2021

## **Management Committee's Report**

---

### **6. Auditors**

SGA will continue in office as auditors.



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Statement of Financial Position as at 31 December 2021

	Note(s)	2021 N\$	2020 N\$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Plant and equipment	2	288 482	331 119
Intangible assets	3	1 240 814	1 263 114
		<b>1 529 296</b>	<b>1 594 233</b>
<b>Current Assets</b>			
Trade and other receivables	4	222 547	280 936
Investments	5	8 032 952	6 831 230
Cash and cash equivalents	6	174 900	596 127
		<b>8 430 399</b>	<b>7 708 293</b>
<b>Total Assets</b>		<b>9 959 695</b>	<b>9 302 526</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained surplus		9 046 309	8 106 032
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	598 239	880 178
Provisions	8	315 147	316 316
		<b>913 386</b>	<b>1 196 494</b>
<b>Total Equity and Liabilities</b>		<b>9 959 695</b>	<b>9 302 526</b>

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2021 N\$	2020 N\$
Revenue	9	14 739 075	13 828 159
Other operating income	10	65 208	-
Other operating gains (losses)	11	1 615	-
Other operating expenses		(14 047 911)	(12 495 217)
<b>Operating surplus (loss)</b>	12	<b>757 987</b>	<b>1 332 942</b>
Investment income	13	182 290	417 399
<b>Surplus for the year</b>		<b>940 277</b>	<b>1 750 341</b>

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Statement of Changes in Equity

	Retained surplus N\$	Total equity N\$
<b>Balance at 1 January 2020</b>	<b>6 355 691</b>	<b>6 355 691</b>
Changes in equity		
Surplus for the year	1 750 341	1 750 341
Total changes	1 750 341	1 750 341
<b>Balance at 1 January 2021</b>	<b>8 106 032</b>	<b>8 106 032</b>
Changes in equity		
Surplus for the year	940 277	940 277
Total changes	940 277	940 277
<b>Balance at 31 December 2021</b>	<b>9 046 309</b>	<b>9 046 309</b>



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Statement of Cash Flows

	Note(s)	2021 N\$	2020 N\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		14 797 461	14 362 206
Cash paid to suppliers and employees		(14 033 085)	(11 887 617)
Cash generated from operations	14	764 376	2 474 589
Interest income		182 290	417 399
<b>Net cash from operating activities</b>		<b>946 666</b>	<b>2 891 988</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	2	(61 275)	(183 241)
Sale of plant and equipment	2	14 406	-
Purchase of intangible assets	3	(119 303)	(1 306 670)
Net movement in investments at fair value		(1 201 721)	(1 105 323)
<b>Net cash from investing activities</b>		<b>(1 367 893)</b>	<b>(2 595 234)</b>
<b>Total cash movement for the year</b>		<b>(421 227)</b>	<b>296 754</b>
Cash at the beginning of the year		596 127	299 373
<b>Total cash at end of the year</b>	6	<b>174 900</b>	<b>596 127</b>

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

---

### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

#### 1.1 Basis of preparation

We emphasize that the basis of accounting and the presentations and disclosures contained in these annual financial statements are not intended to, and do not, comply with all (or, in most respects) the requirements of the International Financial Reporting Standards. The association is not obliged to comply with the requirements of the International Financial Reporting Standards.

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with the the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities.

The annual financial statements have been prepared on the historic basis and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars, which is the association's functional currency.

These accounting policies are consistent with the previous period, except for the change in the reporting framework from the association's own accounting policies to the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities.

#### 1.2 Plant and equipment

Plant and equipment are tangible assets which the association holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the association, and the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the association and the cost can be measured reliably.

Depreciation of an asset commences when the asset is available for use as intended by the management committee. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the association. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	10 years
Office equipment	Straight line	3 years
Computer equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

---

### 1.2 Plant and equipment (continued)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the association; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Practice Code Numbering System	Straight line	10 years

### 1.4 Financial instruments

#### Classification

The association classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

---

### 1.4 Financial instruments (continued)

#### Initial recognition and measurement

Financial instruments are recognised initially when the association becomes a party to the contractual provisions of the instruments.

The association classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the association's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the association has transferred substantially all risks and rewards of ownership.

The association derecognises financial liabilities when, and only when, the association obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Impairment of financial assets

At each reporting date the association assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the association, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

---

### 1.4 Financial instruments (continued)

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases - lessee

Operating lease payments are recognised as an expense over the lease term.

Any contingent rents are expensed in the period they are incurred.

### 1.6 Impairment of assets

The association assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the association estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the association also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

---

### 1.6 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An association assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.7 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### 1.8 Provisions and contingencies

Provisions are recognised when:

- the association has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Accounting Policies

---

### 1.8 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the association settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an association has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 1.9 Revenue

#### Actuarial, sub-committee, consulting and affiliation fees

These revenue streams comprise of income from all medical aid funds. The fees are payable every month based on the previous month's member numbers of the relevant medical aid funds.

#### Annual renewal fees and practice number registration fees

These revenue streams comprise of income from registered health care professionals. Annual renewal fees are payable on an annual basis. Registration fees are payable as and when registration takes place.

#### Management fees and training income

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be measured reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the association;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably;
- and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The association recognises revenue when it transfers control of a product or service to a customer.

Other income include interest income, which is accounted for as it accrues to the association.

### 1.10 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

### 2. Plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer equipment	269 632	(168 805)	100 827	272 660	(117 880)	154 780
Furniture and fixtures	334 750	(178 835)	155 915	326 816	(150 477)	176 339
Office equipment	37 182	(5 442)	31 740	-	-	-
<b>Total</b>	<b>641 564</b>	<b>(353 082)</b>	<b>288 482</b>	<b>599 476</b>	<b>(268 357)</b>	<b>331 119</b>

#### Reconciliation of plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	154 780	16 159	(12 791)	(57 321)	100 827
Furniture and fixtures	176 339	7 934	-	(28 358)	155 915
Office equipment	-	37 182	-	(5 442)	31 740
	<b>331 119</b>	<b>61 275</b>	<b>(12 791)</b>	<b>(91 121)</b>	<b>288 482</b>

#### Reconciliation of plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	15 615	167 343	-	(28 178)	154 780
Furniture and fixtures	187 809	15 898	-	(27 368)	176 339
	<b>203 424</b>	<b>183 241</b>	<b>-</b>	<b>(55 546)</b>	<b>331 119</b>

### 3. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Practice Code Numbering System	1 425 973	(185 159)	1 240 814	1 306 670	(43 556)	1 263 114

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Practice Code Numbering System	1 263 114	119 303	(141 603)	1 240 814

#### Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Practice Code Numbering System	-	1 306 670	(43 556)	1 263 114

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
<b>4. Trade and other receivables</b>		
Trade receivables	28 057	71 195
Sundry customers	-	57 060
Deposits and prepayments	194 490	152 681
	<b>222 547</b>	<b>280 936</b>

### Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

## 5. Investments

### At fair value through profit or loss

IJG Securities Money Market Trust Corporate money market fund that earns interest at the 3-month JIBAR rate, interest is capitalised at the end of each month.	1 846 914	4 303 365
IJG Securities Money Market Trust Fixed deposit that earns interest at 4.77% per annum, interest is capitalized at the maturity date, being 9 June 2022.	3 600 000	-
Nampost Fixed deposit that earns interest at 4.65% per annum, interest is capitalized at the maturity date, being 3 June 2022.	2 586 038	2 527 865
	<b>8 032 952</b>	<b>6 831 230</b>

## 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	128	352
Bank balances	174 772	595 775
	<b>174 900</b>	<b>596 127</b>

## 7. Trade and other payables

Trade payables	93 790	129 013
Payroll accruals	303 246	504 298
Prepaid renewal and registration income	201 203	246 867
	<b>598 239</b>	<b>880 178</b>

### Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$	
<b>8. Provisions</b>			
<b>Reconciliation of provisions - 2021</b>			
	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
Leave pay provision	288 142	(1 760)	286 382
Severance pay provision	28 174	591	28 765
	<b>316 316</b>	<b>(1 169)</b>	<b>315 147</b>
<b>Reconciliation of provisions - 2020</b>			
	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
Leave pay provision	143 578	144 564	288 142
Severance pay provision	158 194	(130 020)	28 174
	<b>301 772</b>	<b>14 544</b>	<b>316 316</b>
<b>9. Revenue</b>			
Subscription fees	12 051 019	11 702 494	
Annual renewal fees	1 824 433	1 681 299	
Registration fees	449 723	324 366	
Training income	275 900	-	
Management fees	138 000	120 000	
	<b>14 739 075</b>	<b>13 828 159</b>	
<b>10. Other operating income</b>			
Sundries and recoveries	65 208	-	
<b>11. Other operating gains (losses)</b>			
<b>Gains (losses) on disposals, scrappings and settlements</b>			
Plant and equipment	2	1 615	
<b>12. Operating surplus (loss)</b>			
Operating surplus (loss) for the year is stated after charging (crediting) the following, amongst others:			
<b>Auditor's remuneration - external</b>			
Audit fees	57 500	51 750	
<b>Employee costs</b>			
Salaries, wages, bonuses and other benefits	6 197 527	5 907 174	
Severance pay provision movement	592	(130 020)	
Leave pay provision movement	(1 760)	144 564	
	<b>6 196 359</b>	<b>5 921 718</b>	

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
<b>12. Operating surplus (loss) (continued)</b>		
<b>Operating lease charges</b>		
Premises	879 364	846 175
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	91 121	55 546
Amortisation of intangible assets	141 603	43 556
	<b>232 724</b>	<b>99 102</b>
<b>Other</b>		
Actuarial fees and coding support	2 198 864	2 134 169
Advertising	130 875	30 464
Circumcision and HIV Dashboard expense	114 000	-
Commission paid	-	407 484
Computer expenses	315 664	304 120
Legal fees	119 428	575
Meeting retainer fees	1 881 639	1 777 690
Municipal expenses	117 221	107 851
PCN system ongoing support	394 820	62 856
Staff development	145 790	3 849
Strategy development workshop	277 902	144 052
Telephone and fax	248 776	161 719
Training	208 300	-
<b>13. Investment income</b>		
Interest received on investments and bank balances	182 290	417 399
<b>14. Cash generated from / (used in) operations</b>		
Profit before taxation	940 277	1 750 341
<b>Adjustments for:</b>		
Depreciation and amortisation	232 724	99 102
Gains on disposals, scrappings and settlements of assets and liabilities	(1 615)	-
Interest income	(182 290)	(417 399)
Movements in provisions	(1 169)	14 544
<b>Changes in working capital:</b>		
Trade and other receivables	58 389	534 049
Trade and other payables	(281 940)	493 952
	<b>764 376</b>	<b>2 474 589</b>

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Notes to the Annual Financial Statements

	2021 N\$	2020 N\$
<b>15. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	907 265	879 364
- in second to fifth year inclusive	1 256 908	2 164 173
	<b>2 164 173</b>	<b>3 043 537</b>

Operating lease payments represent rentals payable by the association for certain of its office properties.

### 16. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 17. Events after the reporting period

The management committee are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 18. First-time adoption of the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities

The association has adopted a Financial Management Policy on 15 July 2020 whereby it changed its financial reporting framework from the association's own accounting policies to the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities. On principle, these standards have been applied retrospectively and the 2020 comparatives contained in these annual financial statements may differ from those previously published. There have however been no significant adjustments that may have an effect on the prior or current year figures.

The effective date of transition was 1 January 2021.

### 19. Comparative figures

Certain comparative figures have been reclassified.



# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Detailed Income Statement

	Note(s)	2021 N\$	2020 N\$
<b>Revenue</b>			
Subscription fees		12 051 019	11 702 494
Annual renewal fees		1 824 433	1 681 299
Registration fees		449 723	324 366
Training income		275 900	-
Management fees		138 000	120 000
	9	<u>14 739 075</u>	<u>13 828 159</u>
<b>Other operating income</b>			
Sundries and recoveries		65 208	-
<b>Other operating gains (losses)</b>			
Gains on disposal of assets or settlement of liabilities		1 615	-
<b>Expenses (Refer to page 24)</b>		<b>(14 047 911)</b>	<b>(12 495 217)</b>
<b>Operating surplus (loss)</b>	12	<u>757 987</u>	<u>1 332 942</u>
Investment income	13	182 290	417 399
<b>Surplus for the year</b>		<u>940 277</u>	<u>1 750 341</u>

# Namibian Association of Medical Aid Funds (NAMAF)

Annual Financial Statements for the year ended 31 December 2021

## Detailed Income Statement

	Note(s)	2021 N\$	2020 N\$
<b>Other operating expenses</b>			
AWS - Cloud services		138 344	-
Actuarial fees and coding support		2 198 864	2 134 169
Advertising		130 875	30 464
Amortisation		141 603	43 556
Auditors remuneration - external auditors	12	57 500	51 750
Bad debts		-	10 509
Bank charges		41 266	34 636
Circumcision and HIV Dashboard expense		114 000	-
Cleaning		25 058	18 954
Commission paid		-	407 484
Computer expenses and IT support		315 664	304 120
Consulting fees		91 776	36 153
Courier and postage		392	510
Depreciation		91 121	55 546
Employee costs		6 196 359	5 921 718
Entertainment		28 596	23 047
Fines and penalties		648	-
Insurance		32 304	18 379
Lease rentals on operating lease		879 364	846 175
Legal fees		133 874	575
Liability cover: Managers and officers		21 786	-
Medicor expenses		24 000	24 000
Meeting allowance and retainer fees		1 881 639	1 777 690
Municipal expenses		117 221	107 851
Office expenses		88 724	96 764
PCN system ongoing support		394 820	62 856
PCNS file archiving		45 080	32 778
Printing and stationery		67 292	117 546
Publishment of industry reports		65 111	80 405
Repairs and maintenance		3 866	-
Security		7 293	7 126
Staff development		145 790	3 849
Staff recruitment		5 865	-
Strategy development		60 000	63 648
Telephone and fax		248 776	161 719
Training		208 300	-
Travel - local		21 340	21 240
Trustee training		23 400	-
		<b>14 047 911</b>	<b>12 495 217</b>



National Association of Medical Aid

Association of Medical Aid





“A culture of accountability makes a good organisation great and a great organisation unstoppable.”

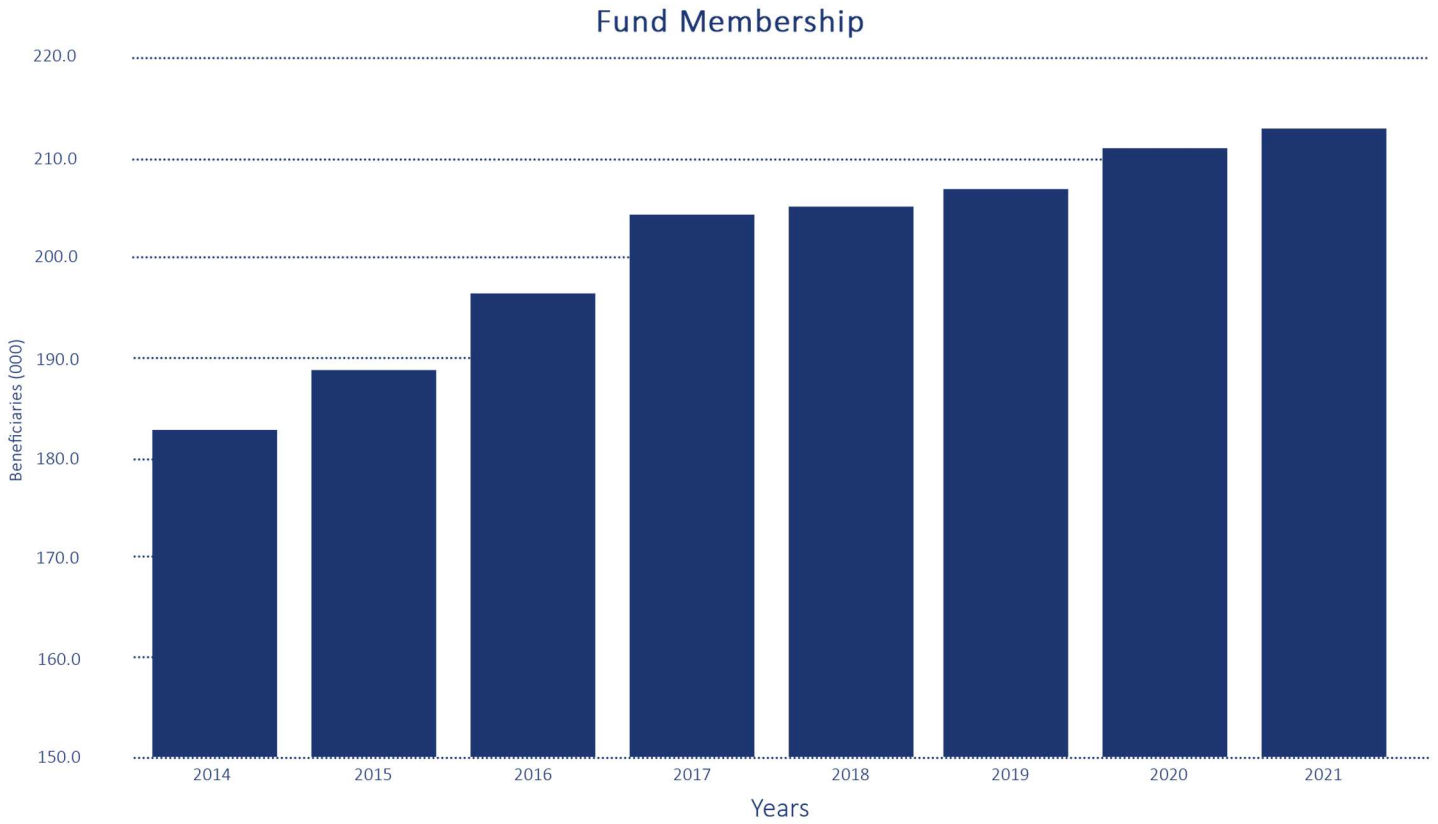
▶ Henry Evans

↓  
→ ● ↑ 6. Medical Aid Industry - 2021 Statistics

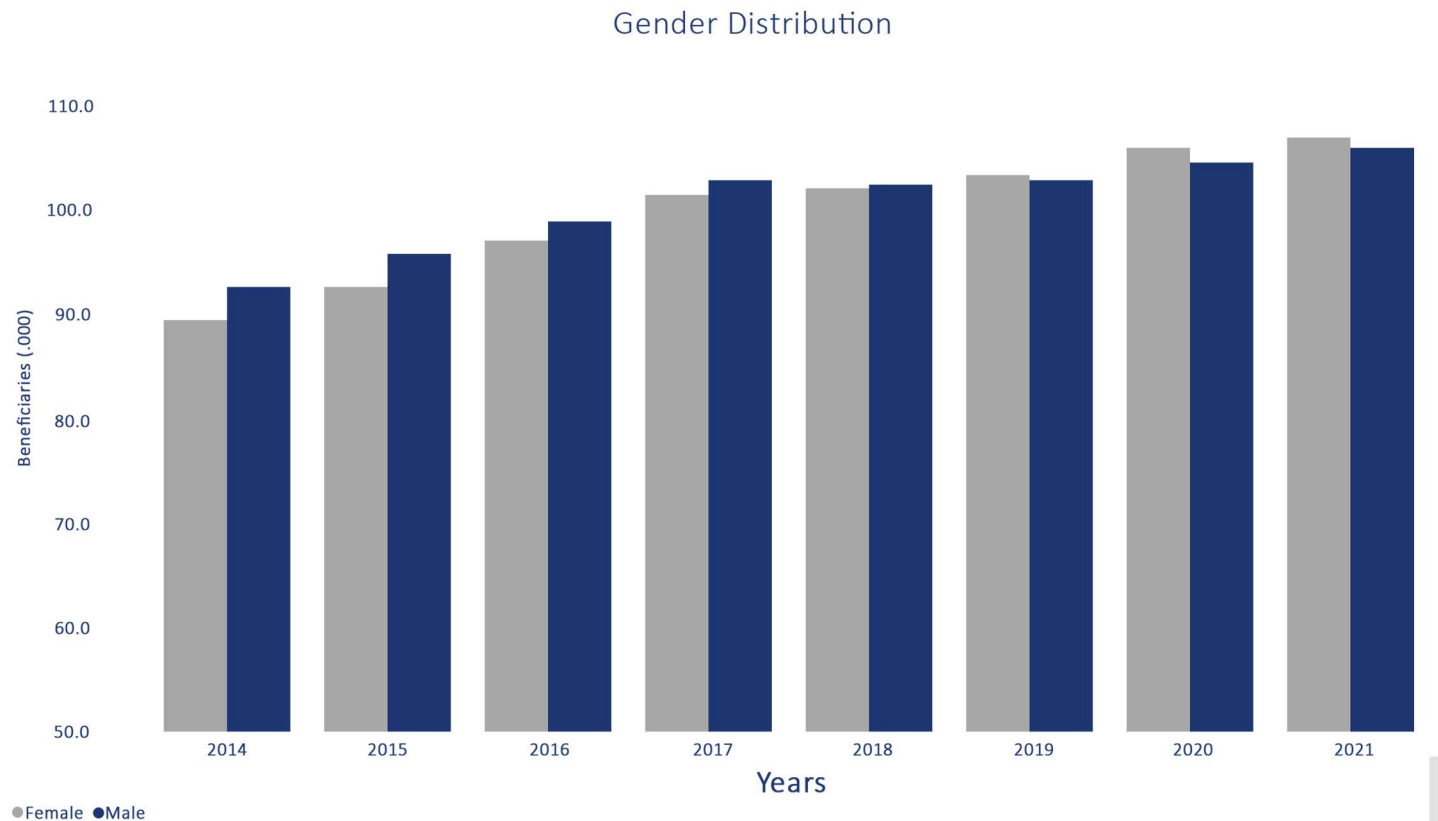


## 6.1. Membership

The membership of the funds affiliated to Namaf remained relatively constant over the three years to end of 2019 with small increases in the membership numbers in 2020 and 2021. The beneficiaries belonging to registered medical aid funds totalled 212 720 at the end of 2021.

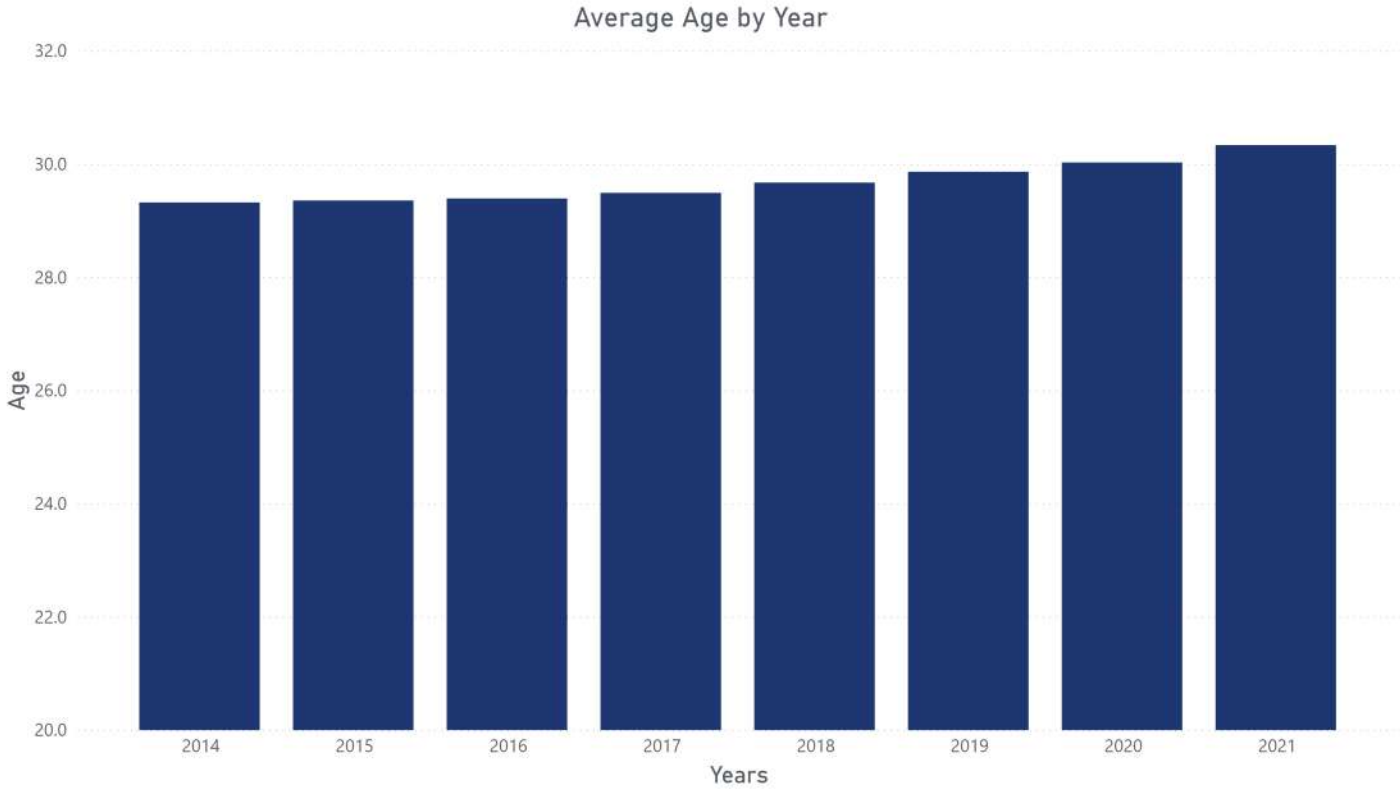


The proportion of male and female beneficiaries have remained similar over time.

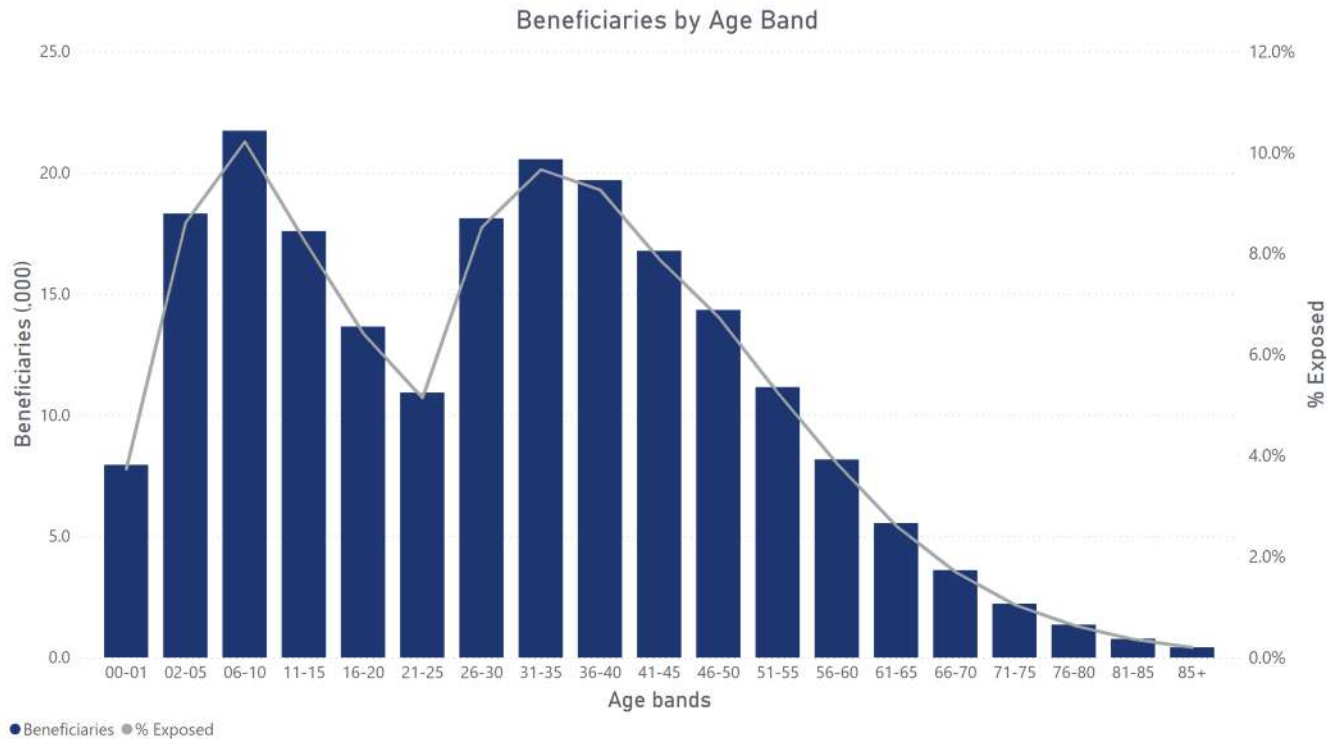




Even though the ageing accelerated somewhat in 2021, the average age of the beneficiaries belonging to registered medical aid funds has remained relatively constant over time and the total population has aged by less than 1 year over the last seven years.

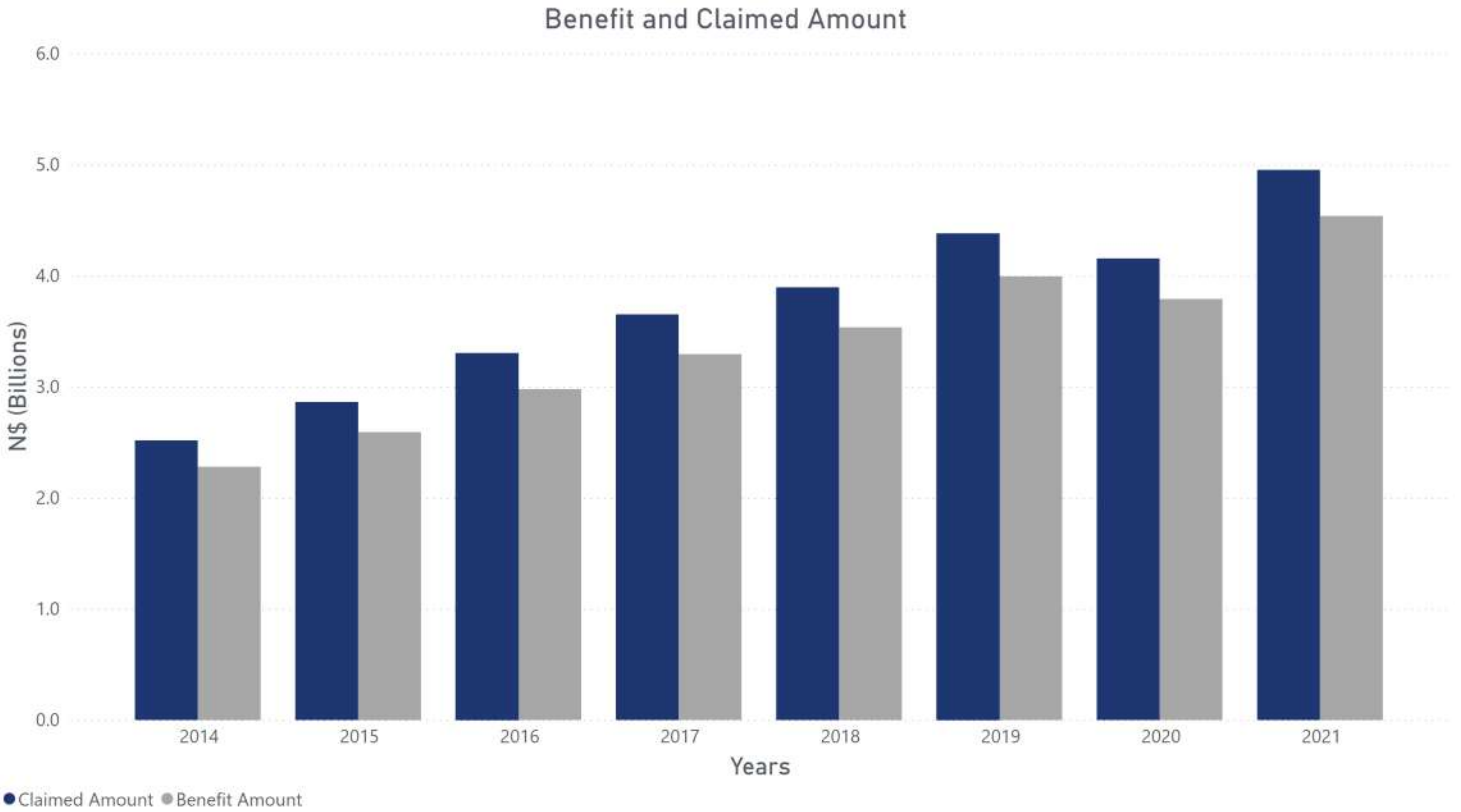


One of the reasons for the relatively constant age is related to the fact that relatively large proportions of the beneficiaries belonging to registered medical aid funds are falling into the younger age bands. The corollary is that lower proportions of the membership fall into the older age bands.



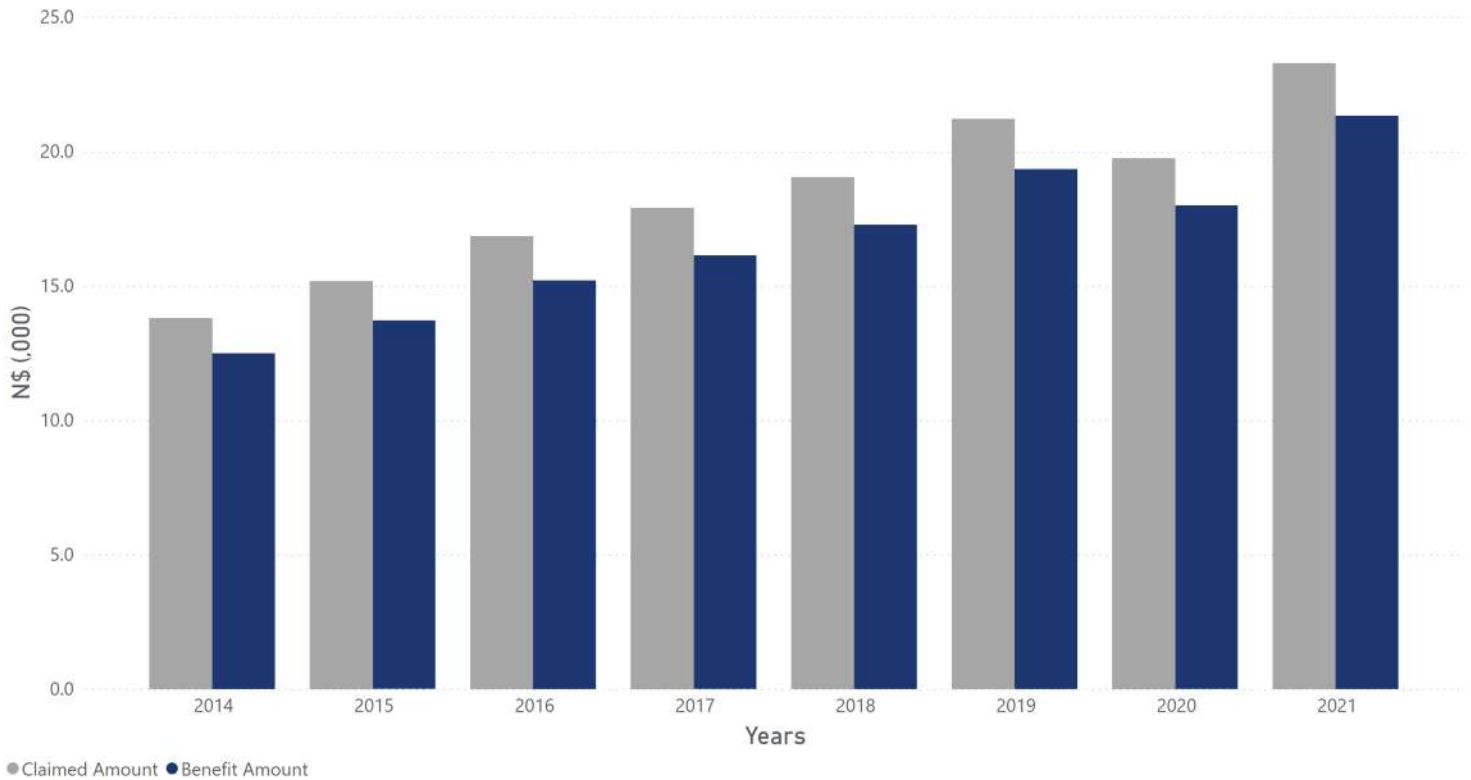
## 6.2 Claim Trends

The total claimed and benefit amounts have been increasing constantly over time and the total value of the claims received by registered medical aid funds reached N\$4.95 billion at the end of 2021. The impact of the COVID-19 pandemic on the utilisation of elective, or planned, healthcare services is reflected in the value of the claims received and benefits paid by medical aid funds affiliated to NAMAFA in 2020. In nominal terms, claims received, and benefits paid reduced in 2020 when compared to 2018 and 2019 but returned to and exceeded pre-pandemic levels in 2021.



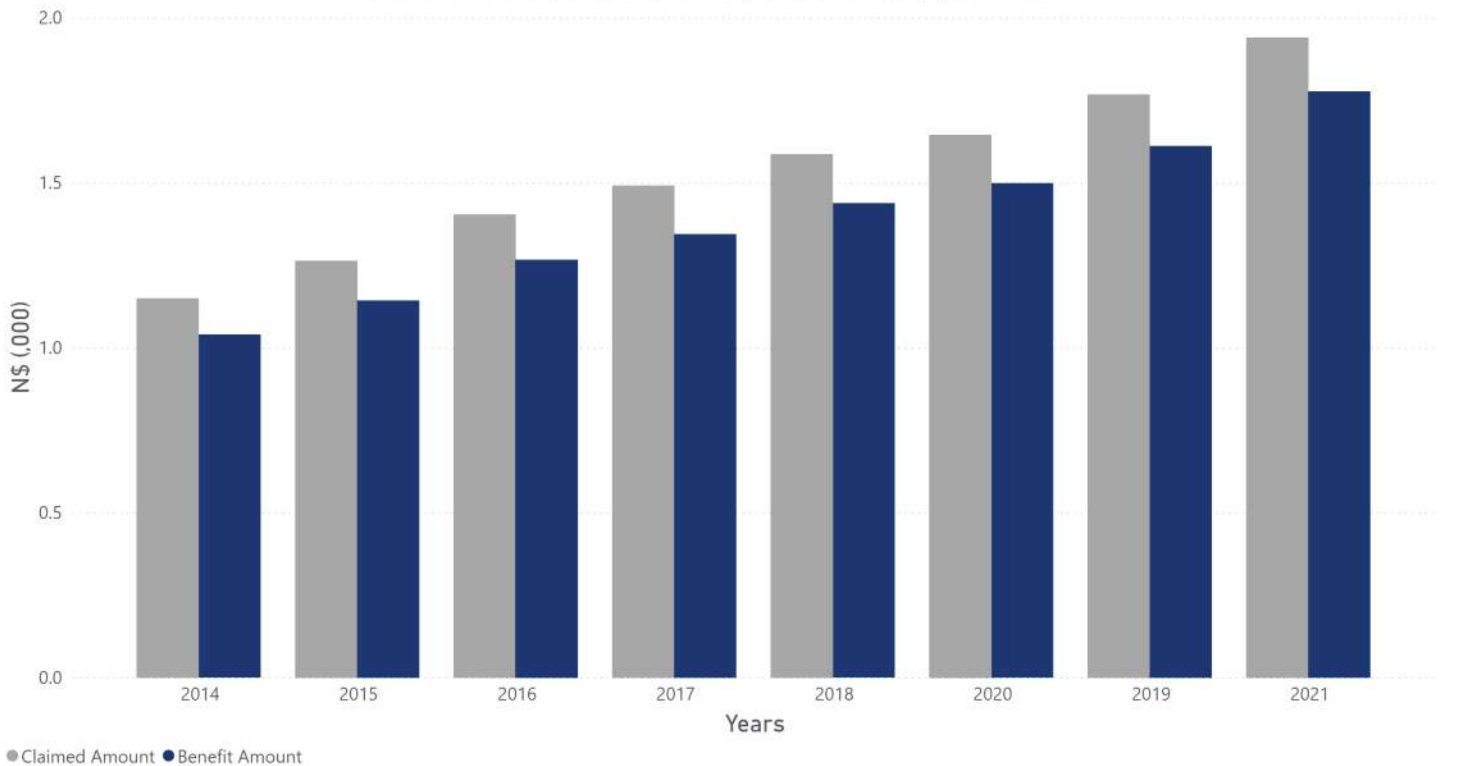
The total value of the claims received and paid for by the registered medical aid funds translates into N\$23 280 that was claimed per average covered beneficiary for the 2021 benefit year and N\$21 320 that was paid per average covered beneficiary per annum for the 2021 benefit year. These average amounts are significantly higher than the average claims per beneficiary that were received and paid in the pre-pandemic 2018 and 2019 benefit years.

Benefit and Claimed Amount per Beneficiary per Annum



The above figures translate into a total claimed amount of N\$1 940 per average beneficiary per month for the 2021 benefit year and a total benefit amount of N\$1 780 per average beneficiary per month for the 2021 benefit year.

Benefit and Claimed Amount per Beneficiary per Month

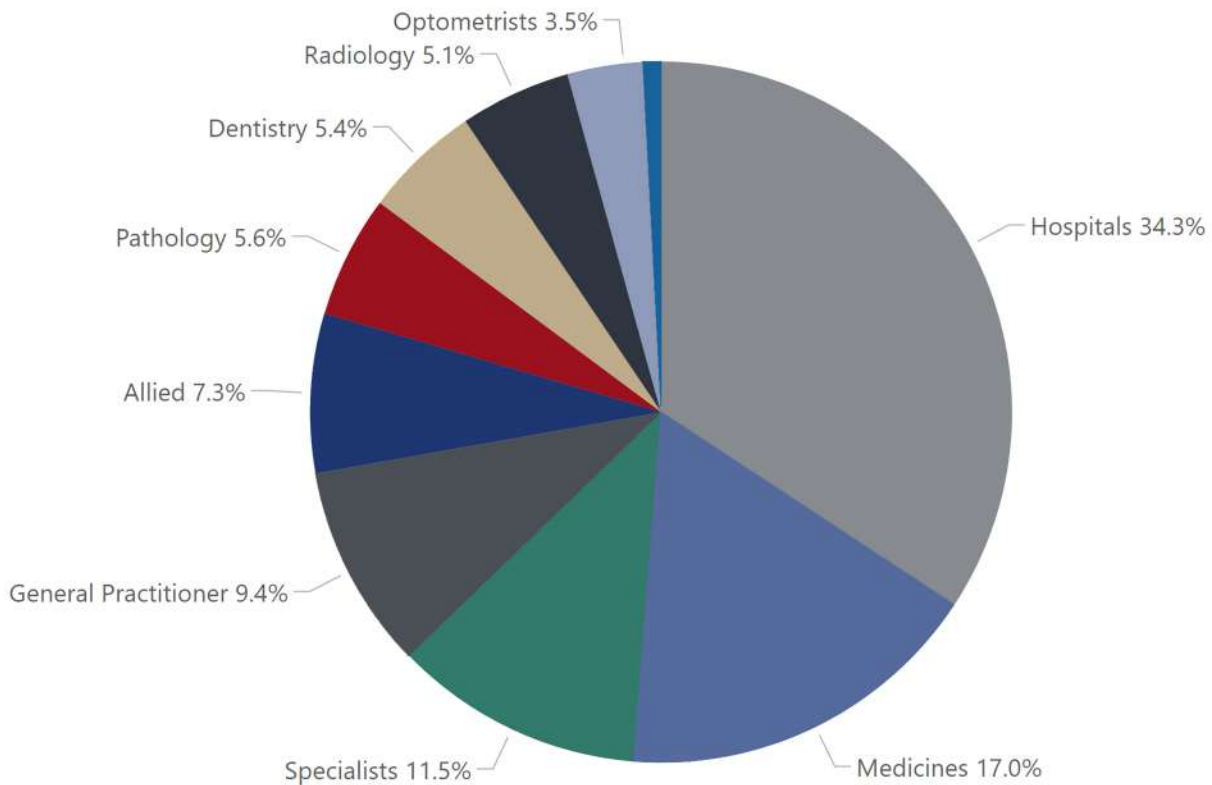




### 6.3 Claims by discipline.

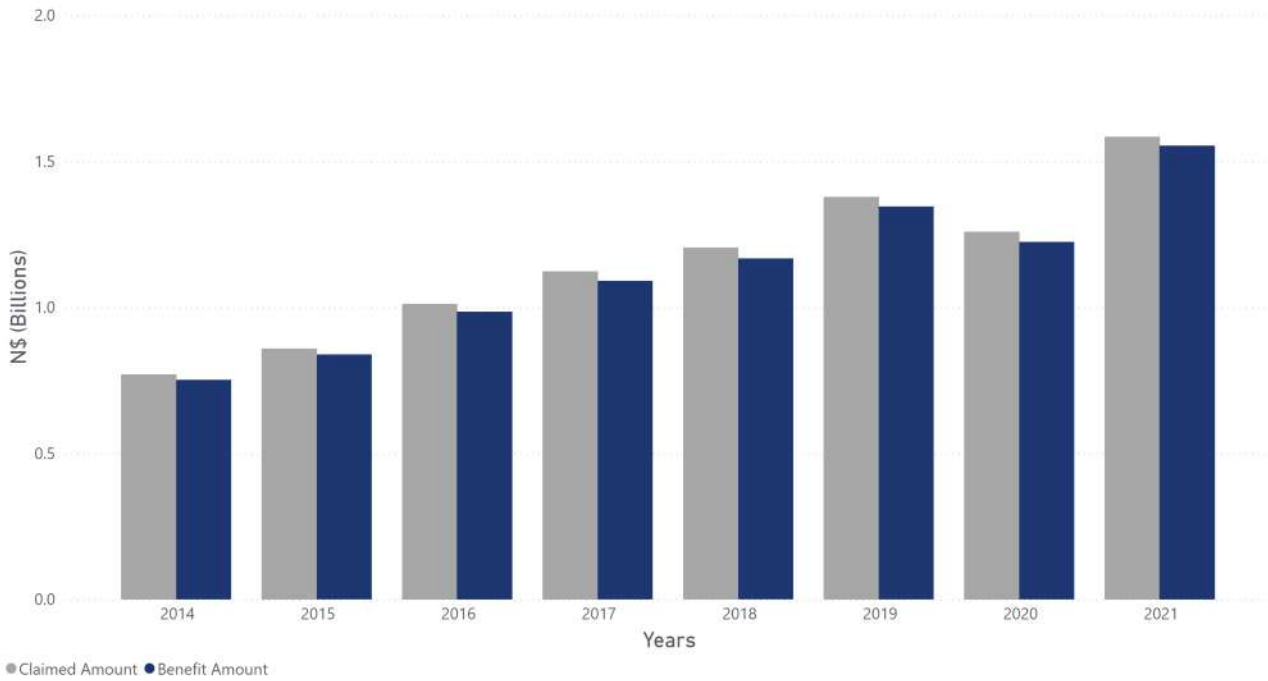
Private hospitals accounted for just over a third of the total claims paid in 2021 by registered medical aid funds, followed by medicines at 17.0%, specialists at 11.50% and general practitioners at 9.40%. The proportions of benefits paid toward specialist and general practitioners decreased when compared to the 2019 benefit year, while the proportion of benefits paid toward private hospitals and medicines increased in 2021 relative to 2019.

Claimed Amount Distribution



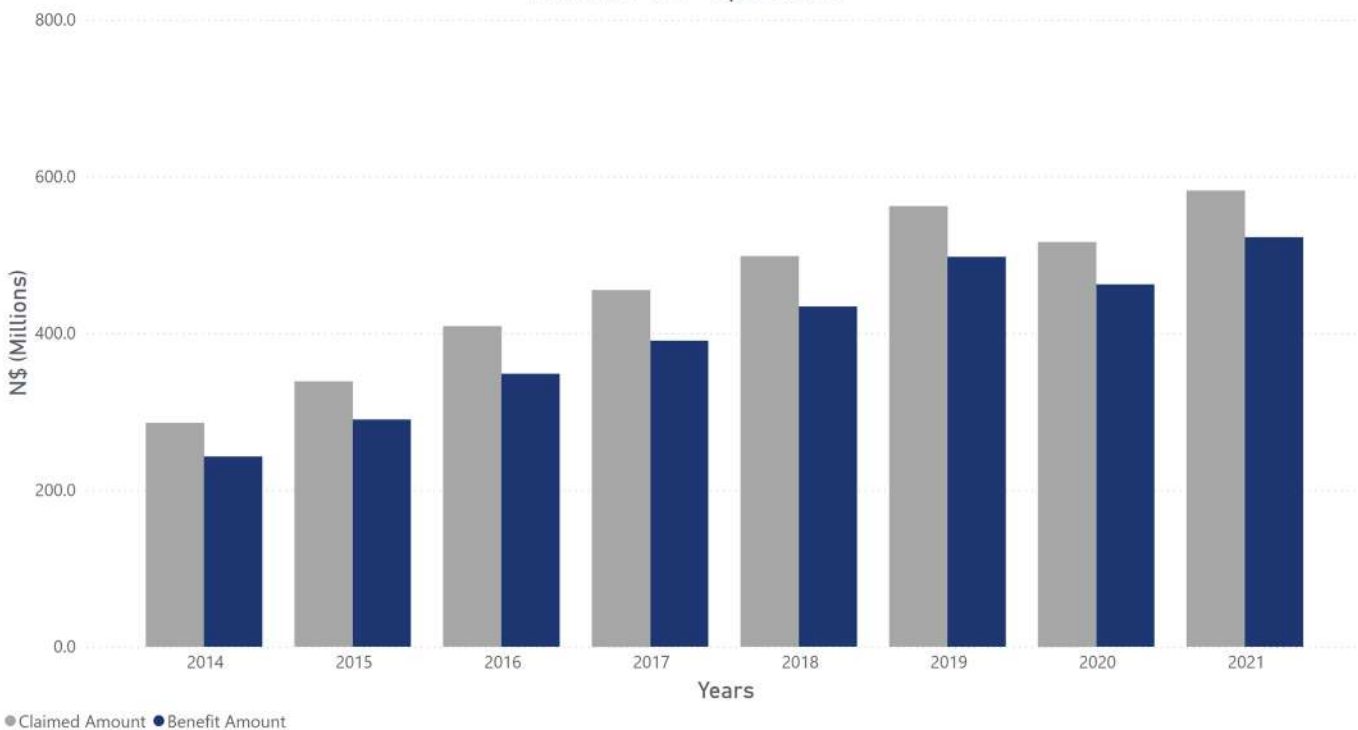
The total value of the claims paid to private hospitals in 2021 was N\$1.55 billion while N\$1.58 billion was claimed.

### Benefits Paid - Facilities



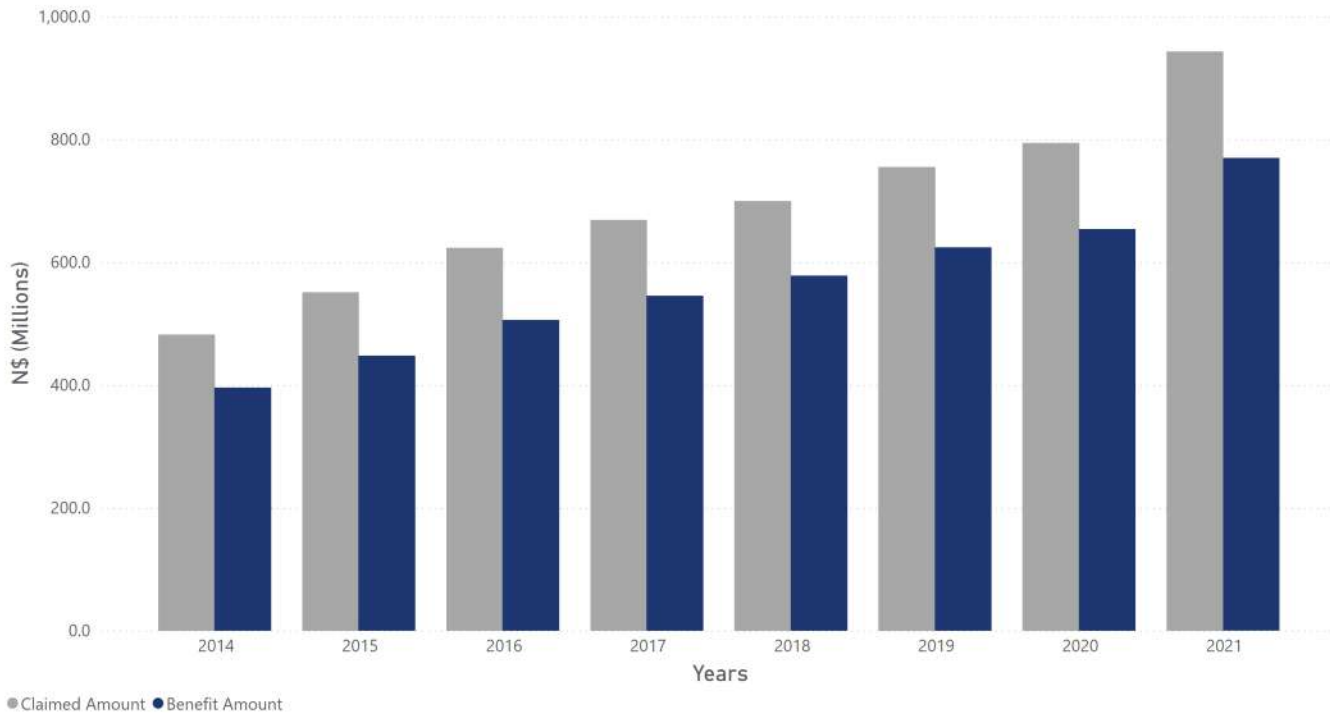
The total value of claims paid to medical specialists was N\$522.36 million in 2021 while N\$581.91 million was claimed. It is important to note that a lower proportion of claims received were paid for with respect to specialists in comparison to private hospitals.

### Benefits Paid - Specialists



An even lower percentage of claims received were paid for with respect to medicines with claims to the value of N\$942.94 million having been received and claims to the value of N\$770.10 million having been paid.

### Benefits Paid - Medicines



## 6.4 Key Drivers

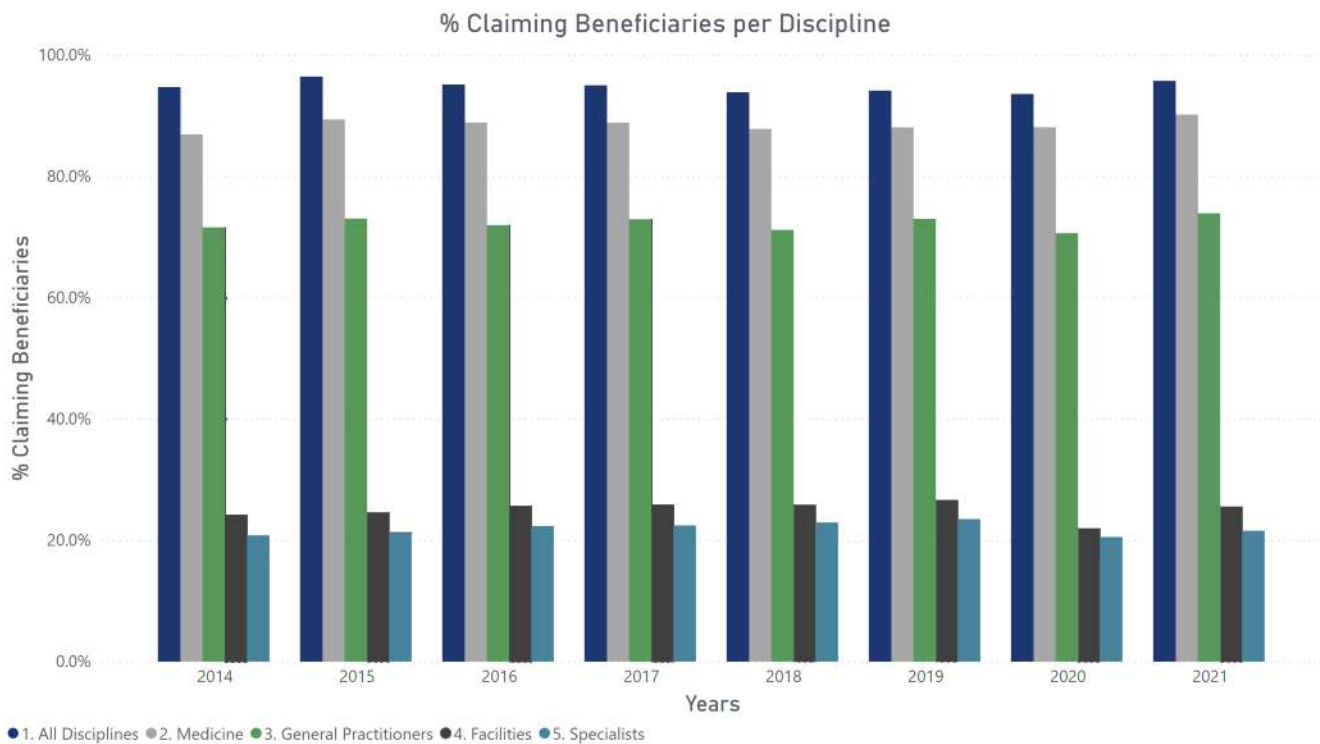
The total cost of claims that are received and/or paid for by medical aid funds is typically determined by two factors:

- a) The volume of the claims which is known as utilisation of benefits and/or services in the medical aid unding environment; and
- b) The price per claim line or item.

The figure below shows that the overall utilisation of services at a discipline or provider type level has remained relatively constant over time. In 2021:

- a) 95.70% of beneficiaries belonging to a medical aid affiliated to Namaf have submitted a claim of some description
- b) 90.20% of beneficiaries submitted a claim for medicines
- c) 3.90% of beneficiaries submitted a claim originating form an encounter with a general practitioner
- d) 25.50% of beneficiaries submitted a claim originating from a hospital encounter
- e) 21.50% of beneficiaries submitted claim originating form an encounter with a medical specialist





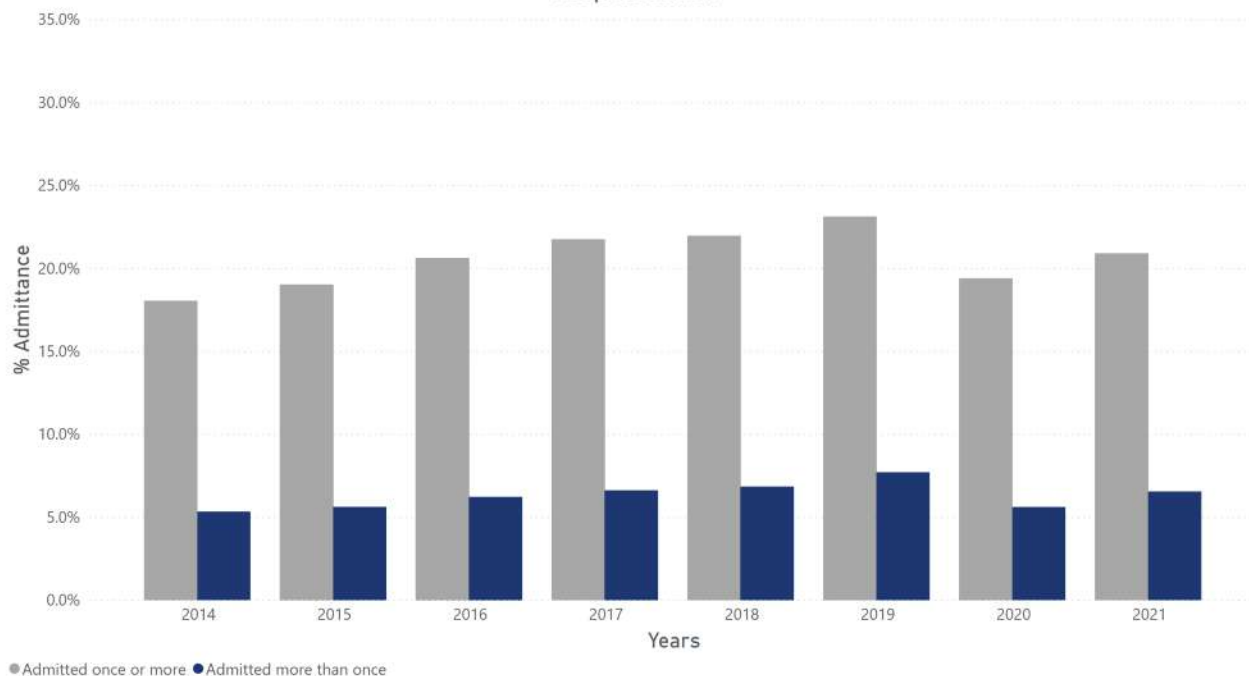
The trends in the figure above appear to be relatively constant over time, but this is because such a high percentage of beneficiaries submitted any claim. However, the impact of the Covid-19 pandemic on the utilisation of healthcare services is again visible.

The figure below shows the trends over time for hospitalisation only for beneficiaries that were admitted at least once and those that were admitted more than once respectively.

The figure shows that the rate of hospitalisation increases from 18.03% to 20.89% over the seven years to December 2020 and the beneficiaries with more than one admission per year increased from 5.34% of the total covered beneficiaries to 6.55% of the total covered beneficiaries. These increases must be read together with the observation above that the average age of the covered beneficiaries remained relatively constant over the same period.

In 2020 the proportion of covered beneficiaries that were admitted to hospital at least once reduced to 19.39% and the proportion of beneficiaries that were admitted to hospital more than once reduced to 5.61%. This can be ascribed to the impact of the COVID-19 pandemic, but the figure shows that the rates of admission have increased in 2021 when compared to 2020.

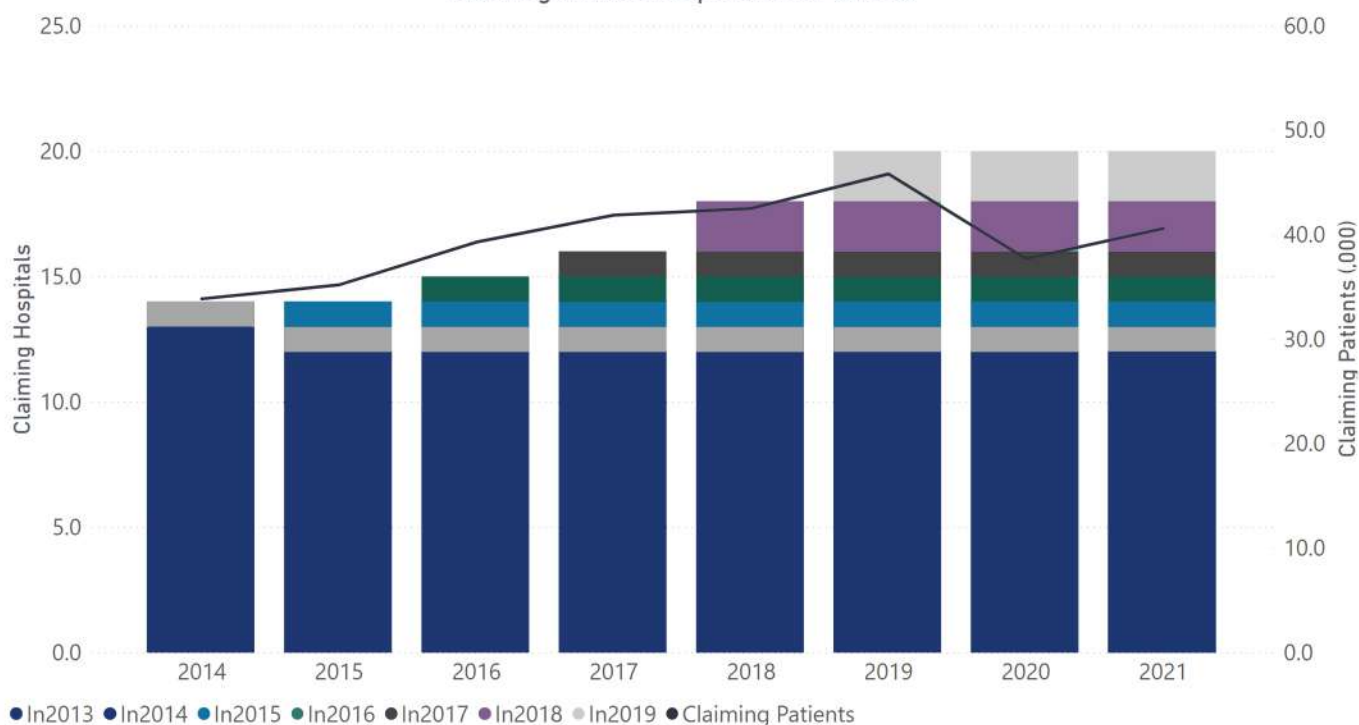
### Hospitalisation



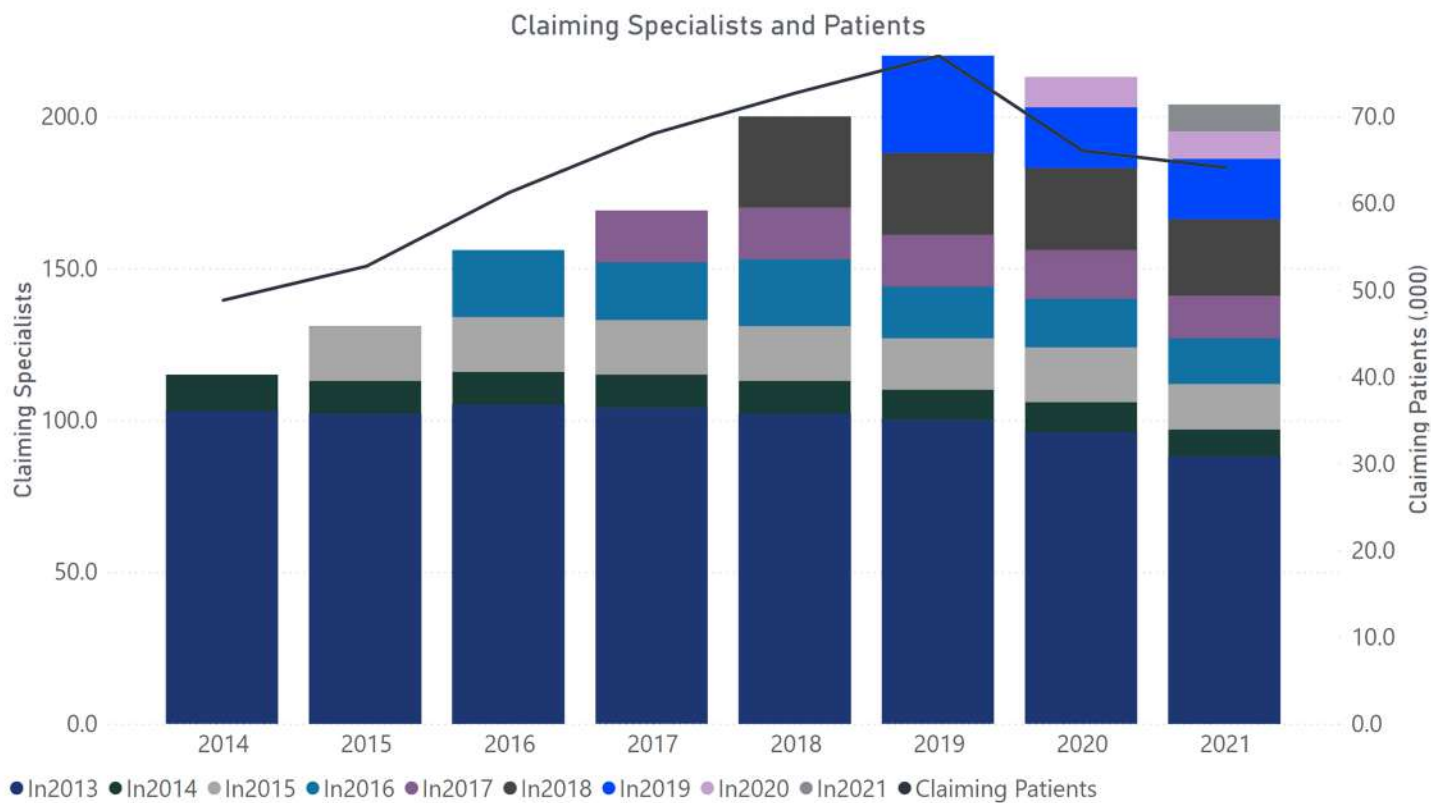
It is a well-known fact that the numbers of hospitals and hospital beds have increased quite significantly over the six years to end of 2019. The figure below shows how the numbers of admissions have been increasing as the numbers of hospitals have been increasing over time, confirming the notion that access to care is one of the key drivers of the utilisation of services. In turn, this forms part of the principle of so-called supplier induced demand.

It is worth noting that in 2020 and 2021 the numbers of admissions reduced relative to 2019, despite the fact that the numbers of hospitals remained the same.

### Claiming Private Hospitals and Patients



The figure below shows the effect of the increases in the numbers of specialist in Namibia over time on the rates of utilisation of specialist services. The notion of supplier induced demand is again applicable, but it is important to note that a proportion of the increased utilisation of specialist services is because certain services were not available in Namibia previously. This suggests that increased utilisation of services is not always a bad thing but noting that the pressure on the overall cost associated with the funding of healthcare will increase correspondingly.



It is again worth noting that the numbers of beneficiaries that accessed specialist services reduced significantly in 2020 and 2021, which can in this instance be ascribed to reductions in the numbers of specialists practicing in Namibia in addition to the effects of the COVID-19 pandemic.



## 6.5 Summary

In summary, the numbers of beneficiaries belonging to the medical aid funds affiliated to Namaf have remained relatively constant over the last six years. Equally the average ages of the beneficiaries and the gender distributions did not change significantly.

Although the COVID-19 pandemic has caused a reduction in the utilisation of healthcare services and, by extension, the total value of the claims received and benefits paid by the medical aid funds affiliated to Namaf, the value of the claims received, and the benefits paid increased constantly over time. This means that the increases in the total cost of claims received and paid was caused increases in the total cost of claims received and benefits paid per covered beneficiary rather than increases in the numbers of beneficiaries covered. If the average age of the beneficiaries covered is used as a measure of the healthcare needs of the beneficiaries, the increased cost per beneficiary cannot be ascribed to increases in the healthcare needs of the population.

It rather appears that a large driver of the increased cost of claims received, and benefits paid is improved access to healthcare as is evidenced by the increases in numbers of hospitals and specialists in Namibia. The resultant increases in the cost of healthcare are not necessarily a bad thing in this instance as it to an extent signifies improved access to healthcare services and access to services not provided in Namibia previously. However the consequence is that the mix of services will have changed over time, and this will impact on the affordability of healthcare services at an overall level.















Namibian Association of Medical Aid Funds  
Office No 1, South Port Building, Ground Floor  
Hosea Kutako Drive  
Southern Industrial Area  
+264 61 257 211 / 257 212  
+264 61 257213  
[info@namaf.org.na](mailto:info@namaf.org.na)