Namaf

Namibian Association of Medical Aid Funds

Annual Report 2022

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1. General Information

Name	Namibian Association of Medical Aid Funds (Namaf)
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Telephone number	+264 61 257 211/257 212
Fax number	+264 61 257 213
E-mail address	reception@namaf.org.na
Website	www.namaf.com
External auditors	PKF FCS Auditors
Bank	Nedbank First National Bank
Chief Executive Officer	Mr. Stephen Tjiuoro
Deputy Chairperson of Management Committee	Mr. Pieter Daniel Theron
Chairperson of Management Committee	Dr. Lea Namoloh

ACRONYMS

AffCom
Affordability Committee

BoT
Board of Trustees

COVID-19
Novel Coronavirus

FWA
Fraud, waste, and abuse

FIMA
Financial Institutions and Markets Act

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

NAMFISA
Namibia Financial Institutions Supervisory Authority

NAMFISA Act
Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001)

NMRC
Namibian Medicines Regulatory Council

PN
Practice number

PPN
Preferred Provider Network

PCNS
Practice numbering system

UHC
Universal Health Coverage

CHAIRPERSON'S REPORT

Dr Lea Namoloh Chairperson

1.1 Chairperson's Report

For the past three years, Namaf has been adapting to rewriting its script, infused with a desire to springboard from the challenges of the (inadequate legislation) past and face the future with modern legislation and a clinical risk governance approach responsive to the needs of the health funding industry and member protection. Namaf desires to be an institution steeped in integrity, values, and rock-solid work ethic, with its mind firmly set on making a tangible and visible difference in the Namibian health economic landscape.

I am the first to admit that we are not there yet. Even so, the achievements over the last three years make me confident that in the next few years, Namaf will become the clinical risk regulator that heralds a new era of regulation for Namibia's health funding industry.

I am honored to present the 2022 Annual Report on behalf of the Management Committee under the theme "Nudging the industry into creating a sustainable healthcare ecosystem." During the reporting period, Namaf's strategic initiatives continued to gain momentum in the second year of the three-year strategy, as indicated by the average rating of 84,9% recorded in the Secretariat's performance management report.

Key Strategic Performance Highlights

One of our primary concerns is the perfect storm brewing in the funding of private healthcare. In continuing with its resolve to firm up its mandate as an effective and efficient clinical governance regulator, we circulated draft regulations in terms of Section 44 of the Act to our stakeholders with extending invitation to those interested to submit written representations. We received constructive feedback, dominated chiefly by a challenge whether the current legal framework (Act 23 of 1995) contained explicit provision to support the proposed regulations from stakeholders. To ensure legal compliance raised by stakeholders, Namaf obtained a legal opinion from Senior Council. To the extent that all the proposed changes could not be supported explicitly by Act 23 of 1995 Namaf sought a different avenue to achieve the same goal by engaging the Funds to cater for some of the shortcomings through their Fund rules.

In the reporting year, Namaf and registered Medical Aid Funds signed a Memorandum of Understanding (MoU) addressing drivers of healthcare inflation collectively as an industry. Namaf and registered Medical Aid Funds identified, among other things, the following drivers of healthcare inflation:

a) Consumer-driven demand attributed to the health-seeking behaviors of members;
b) Supplier Induced Demand; and
c) The conduct of Funds either through their registered Fund rules, competitive pressures, non-adherence to billing rules and guidelines, or the way claims are adjudicated.

In terms of clause 7.2.4 of the Driver of Healthcare Inflation MoU, Funds endeavored to amend Fund Rules to provide for an elaborate explanation of the item code contemplated in the Regulation to include diagnostic, procedural, and medicines coding structures adopted by Namaf as valid requirements for claims submitted by suppliers of healthcare services.

Addressing the avoidable drivers of healthcare inflation would assist in creating a flattened curve of the high-cost inflation that the industry has been experiencing. The implementation of the MoU will materialise in the following reporting year. It is important to note that this long-term project must be addressed cautiously not to disrupt the current health equilibrium.

Focused stakeholder engagements

The Secretariat-focused stakeholder engagement must be the best opportunity to connect and demonstrate how the organisation responds to its key stakeholders' legitimate needs and concerns. A case in point is that the engagement held with all Medical Aid Funds Board of Trustees on the principle of implementing the National Pharmaceutical Product Index (NAPPI) for Namibia is essential for the industry to mitigate the risk of waste, abuse, and fraud in the pharmaceutical domain.

The government is developing a Pharmaceutical Control Policy, which is underway, augmenting the efforts by Namaf to implement NAPPI codes that would eventually inform a Namibian Medicine Price File that will ease the management of medicine prices in Namibia.

Appreciation

I wish to thank my fellow Management Committee members, the captain of the secretariate, Mr. Stephen Tjiuoro, and his Management and staff for their contribution towards the achievement of the objectives of Namaf. I am proud to have worked alongside a team which remains resolute in their commitment to Clinical Risk Regulatory excellence. I also acknowledge the invaluable input of our line minister, the Honorable Minister of Finance, Ipumbu Shiimi.

My deepest gratitude goes to the Minister of Health and Social Services, Dr. Kalumbi Shangula, for the effort put in place to review current health policies in the country–our stakeholders for the unwavering support towards the fulfillment of the Namaf mandate.

Dr Lea Namoloh

Chairperson

CEO'S REPORT

1.2 CEO's Report

I marked my fifth year of employment since I joined the Secretariat - and I am pleased to report on another busy yet an exciting year. Our ambition is to enable the optimum functionality of the Namibian healthcare industry to maximize value for beneficiaries of Medical Aid Funds. At the start of the financial year, which this report is focusing on, we set out five priorities for the Secretariat. These priorities provide a useful framework for reporting on our work this year, which we plan to do more of in the year ahead.

The 2022 financial year was a particularly challenging one.

Strengthening the regulatory and clinical risk framework has been the main focus during the reporting period. Attention was principally given to implementing the Drivers of Healthcare Inflation Memorandum of Understanding (MoU) signed by Namaf and registered Medical Aid Funds. The non-adherence to billing rules and guidelines, or the way claims are adjudicated, was identified as low-hanging fruit. The challenge that was borne out of this process is the capacity building that needed to take place to enable the Secretariat to meet the demands brought about by the implementation of the Drivers of Healthcare Inflation MoU. The role clarification intervention (distinguishing the work of the Funds' Trustees, POs, and Administrators versus that of Namaf) will be held in the next reporting year.

Under section five of the Drivers of Healthcare Inflation MoU interventions to address the conduct of Medical Aid Funds - Funds are to comply with enabling legislations, regulations, standards, guidelines, and rules published by Namaf and NAMFISA. Pursuant to the MC approval of the wording for the amendment of Fund Rules and in anticipation of each Fund's submission of amendments to the Registrar, a meeting was convened with the Registrar to inform him about the mischiefs the industry is facing which necessitates the proposed Fund Rules amendments. During this reporting year, none of the funds succeeded to submit proposed amendments to their Rules, respectively, to provide for inclusion of diagnostic, procedural, and medicines coding structures of Namaf as a valid requirement for claims submitted by suppliers of healthcare services. A comprehensive Namaf coding structure is intended to mitigate clinical risk including other drivers of healthcare inflation.

Key operational highlights

a) Requirements for issuance of Practice Number was reviewed as contemplated in Regulation 5 and 6 made under section 44 of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995).

Mr Stephen Tjiuoro Chief Executive Officer

b) On an annual basis, Namaf consults with 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. One hundred and forty-four submissions were received from several categories, in cluding:

a. Submissions by medical aid fund administrators emanating from challenges experienced during the process and assessing claims;
b. Submissions by individual healthcare service providers;
c. Submissions by professional associations. Namaf successfully reviewed procedure codes and benchmark tariffs during the reporting period and availed relevant coding structures and benchmark tariffs to the industry.

i. The Optometry Price File schedule was successfully revised; it addressed the application of the inflation model to optometric products, as opposed to professional services.

c) Consultations with stakeholders are paramount to the success of any organisation. Namaf depends on the understanding and support of its stakeholders to effectively provide clinical risk governance and to make necessary adjustments.

The extensive stakeholder engagement and buy-in on the following strategic project:

a. Namibia Medicine Benchmark Product File Namaf met with Medical Aid Funds BoTs on the Namibian Medicine Benchmark Product File principles, and all Funds provided their support. The development of the Government Pharmaceutical Control Policy, which is underway, will augment the efforts of Namaf to implement NAPPI codes in respect of all medicines and pharmaceutical products available in the Namibian market that would eventually serve as an input to the Namibian Pharmaceutical Price File.

d) The approval of the customer charter outlining how Namaf promises to work with its stakeholders/ customers. It is our commitment that Namaf sees stakeholders as a significant asset of its institution.
e) 5/5 cautionary risks mitigated to an acceptable level.
f) Namaf yielded return on investment inflation +1% despite unfavourable market.

Appreciation

The Secretariat team's tireless efforts have made regulating this complex yet important industry much more bearable. I am and remain extremely grateful for the staff's unwavering support, and I am proud to be part of this great institution and industry.

Management owes the achievements during the financial year to the continued support and guidance of Chairperson Dr. Lea Nomoloh of the Management Committee and her fellow Management Committee members. You are the embodiment of true leadership. I thank all our stakeholders for their support and interaction with Namaf. Our continued relationship must continue to grow as it impacts all Namibians.

Mr Stephen Tjiuoro

Chief Executive Officer

STRATEGIC OVERVIEW

1.3 Strategic Overview

OUR VALUES

MISSION VALUES:

Accountability
Enhance the health economy, efficiency, effectiveness, and credibility of Namaf.

Integrity
Conduct professional, objective, fact-based, fair and balanced work.

Reliable
Produce timely, accurate, useful and clear.

PEOLPLE VALUES:

Valued
Seek out and appreciate each person's perspective

Respected
Treat everyone with dignity

Teamwork
People working in atmosphere of mutual support and trust and working together cohesively.

VISION

To be 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

LEGISLATIVE

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.

(c) 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."

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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.

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.

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REGULATORY BODIES

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 the 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 the 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 in Namibia. Herewith is a list of registered MAFs 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.

GOVERNANCE

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 ten members, seven of which are voting members and three co-opted members elected by the authorized representative nominated by all registered medical aid funds. MAFs with more than 2000 members nominate a maximum of two authorized representatives for election, while MAFs with less than 2000 members nominate one authorized representative. Once elected, in terms of section 13 (5) of the MAFs Act, 1995, 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.

Dr. Lea Namaloh
Chairperson

Mr. Pieter Theron
Vice-Chairperson

Mr. Stephen Tjiuoro
Namaf Chief Executive Officer

Mr. Desley Somseb
Treasurer

Ms. Rachel Kalipi
Member

Ms. Alison Begley
Member

Mr. Benjamin Amuenje
Member

Mr. Gabriel Tjombe
Member

Ms. Valerie Muchero
Co-Opted Member

Ms. Dantago Garosas
Co-Opted Member

Mr. Erastus Molatudi
Co-Opted Member

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 section 15(1) of MAF Act, the MC established committees to assist it in performing 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 make 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	
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 (28 July 2022 resigned)
Dr. Erich Mansfeld	– Member	
Dr. Jacques Jonck	– Member	
Esme Botes	– Member	
Lea Namoloh	– Member	-MC member
Wessels Afrikaner	– Member	
Erastus Molatudi	– Member	-MC member
Benny Amuenje	– Chairperson	-MC member

The Clinical and Coding Committee held four (3) meetings during the reporting period.

(d) Human Resources and Finance Enhancing Committee

The Human Resources (HR) and Finance Enhancing Committee is mandated to revise all HR-related policies, performance oversight, and advise the MC on HR and finance-related matters while aligning the Namaf secretariat staff compliment to the Strategic Plan 2022.

The HR Committee consists of three (3) MC members. During the reporting period, these members were:

Dr. Lea Namoloh	-MemberDolly
Nashandi-Endjambi	-Chairperson **28 July 2022** (resigned)
Desley Somseb	-Chairperson
Siphokhazi Kangowa	-Member **1 September 2022** (resigned)
Rachel Kalipi	-Member
Dantago Garoses	-Member

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

SECRETARIAT

2.3 Secretariat

In terms of section 19 of the MAFs Act, 1995, the Chief Executive Officer (CEO) is the head of administration and accounting officer of Namaf. The CEO is charged with the responsibility for carrying out all the resolutions of MC and its committees and manages all the affairs of Namaf, subject to the direction and control of MC.

Mr. Stephen Tjiuoro
Chief Executive Officer

Mr. Brian Chaka
Head: Corporate Services

Ms. Maggie da Silva Mota
Head: Benefit and Risk

Ms. Uatavi Mbai
Stakeholder Relationship
Communication Manager

Ms. Justina Nelulu
Financial Accountant

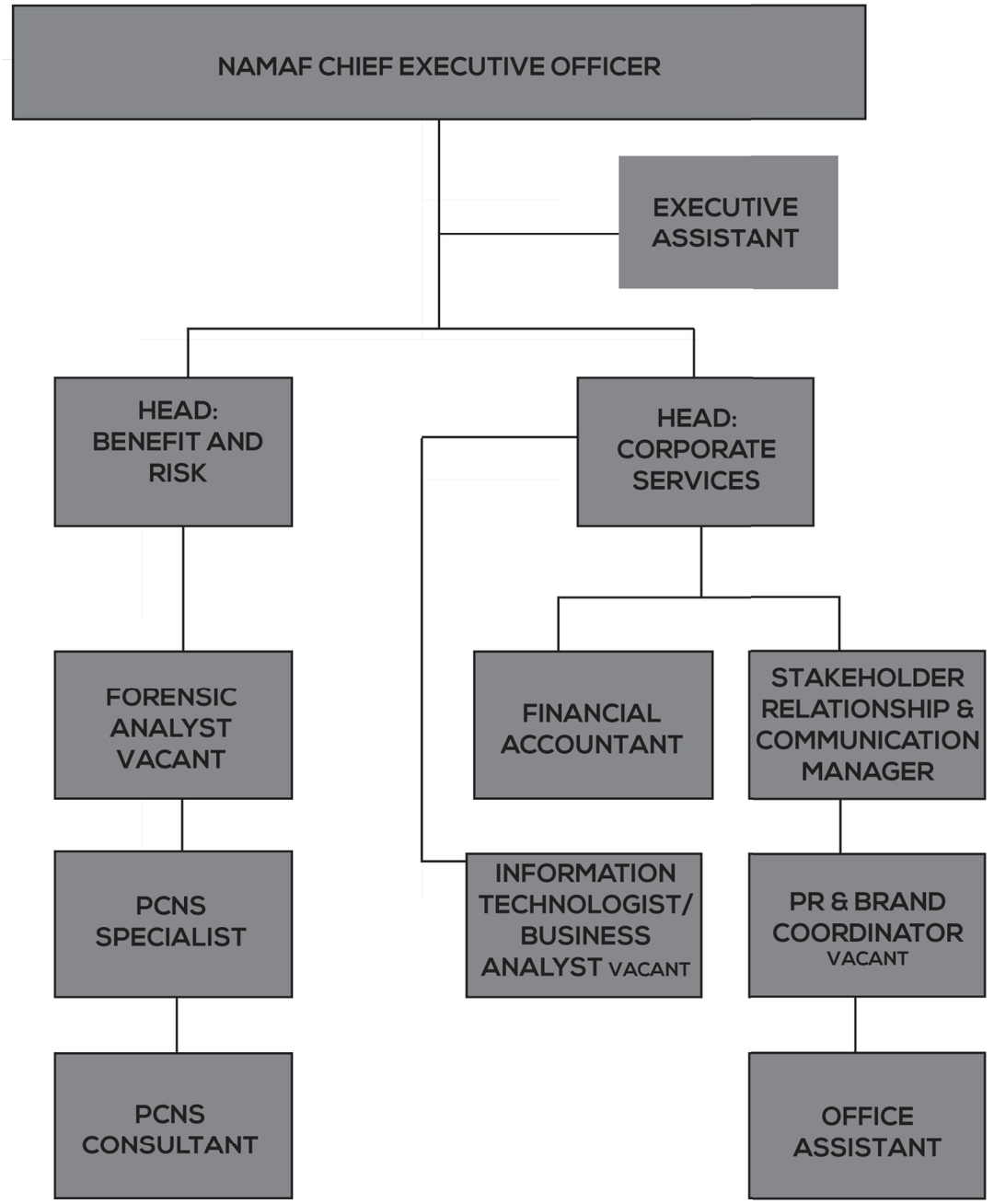
Ms. Ramona Mathupi
PCNS Specialist

Mr. Toivo Namene
PCNS Consultant

Ms. Ndapandula Shindume
Executive Assistant

Ms. Tina Riruako
Office Assistant

2.4 Organisational Structure



HEALTH ENVIRONMENT OVERVIEW

3. Health Environment Overview

Medical Aid Funds Brewing a Perfect Storm

Broadly speaking, a proverbial perfect storm can be defined as a critical state of affairs arising from a number of negative and unpredictable factors.

In the Medical Aid Funding industry, these factors include but are not limited to:

- High medical inflation,
- Deteriorating affordability of Medical Aid Funds,
- Aging membership with concomitant increasing chronic disease prevalence trends, and
- Very slow growth in the number of members belonging to medical aid funds.

The growth of healthcare costs is of concern to the funding industry. Even though many may argue that the value of the assets that the medical aid funds hold in reserve (approximately N$1.7 billion on 30 September 2022) are adequate to withstand any adverse claims experience which may result from increased liabilities, the medical aid funds are facing a challenge as reserves are continuing to decline. This is not only attributed to higher claims experiences but also because of unfavourable market performances.

Slowing the growth in claims experience involves understanding what drives healthcare costs and how to manage those drivers effectively. This includes understanding the relative importance of healthcare cost drivers, including benefit design, price inflation, provider incentives, technological growth, etc. The results of analyses performed on claims data received are consistently showing that the utilisation of healthcare services is an important cost driver.

Price x Volumes = Healthcare expenditure; the benchmark tariff manages the price.

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 mandatory, meaning that MAFs, healthcare service providers, and practitioners are not bound to adhere to them.

Volumes can either be the frequency of service or line items added to a claim; one way to address the line items is to change the incentives inherent in fee-for-service payment. Medical aid fund administrators and Managed Care Organisations play pivatol roles in managing utilization by impacting the healthcare value chain at various levels of a healthcare event.

The figure below shows that the benefit design of a medical aid fund (the benefits provided by a medical aid fund within its different benefit options) is the main determinant of the available benefits and the utilisation of benefits by extension. Then there are a series of interventions that play a role in ensuring that the benefits that are used are clinically appropriate and not wasteful. These processes range from impacting the healthcare events before they commence (pre-authorisation in the case of elective procedures or services), case management during an event, and claims assessing and auditing when the account is raised.

Utilisation Management figure

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Utilisation Management figure

As in other parts of the world, medical aid contributions continue to increase above inflation, eroding members' disposable income and, ultimately, the affordability of medical aid funds. Signature of MoU by all Namaf registered MAFs on interventions addressing drivers of healthcare inflation is a step in the right direction to devise industry-level interventions to mitigate the drivers of increasing unaffordable healthcare costs.

Universal Health Coverage

At least half of the planet's population do not receive the health services they need. About 100 million people are pushed into extreme poverty every year because of out-of-pocket spending on health. The World Health Organisation (WHO) describes universal health coverage (UHC) as all people having access to the health services they need as well as when and where they need them without financial hardship. It includes the full range of essential health services from health promotion to prevention, treatment, rehabilitation, and palliative care.

The Namibian government, through Cabinet, has approved the roadmap for the development of UHC in Namibia. Cabinet approved the structure that will provide a mechanism to promote multi-stakeholder engagement and national dialogue on UHC as part of the pathway to it. The different components of the structure are working together to finalise the development of the UHC policy and, once finalised, participate in monitoring the progress of its implementation. The governance structure to oversee the development of the UHC policy consists of three layers. This includes a Cabinet Committee on public service chaired by Prime Minister Saara Kuugongelwa-Amadhila. The Cabinet Committee reviews, scrutinizes, and approves the proposed policy as the technical advisory committee recommends.

The other is the UHC technical advisory committee, which is a multi-sectoral technical group that provides technical oversight and guidance in the formulation of the policy. This committee then reports to the Cabinet Committee on public service. Equally, a thematic technical working group is constituted along the seven strategic pillars of the health system to formulate the strategies specific to each health system block, considering the advice of experts and stakeholders in the relevant themes. UHC becoming a reality remain on track.
Namibia already meets the requirements concerning access to, affordability, and quality of health services that are the basis of UHC.

In 2021, the Ministry worked with its partners, WHO, USAID, and others, to develop a roadmap that outlines the steps required to develop Namibia's UHC policy. However, the policy still needs to be finalised because there have been changes in the domestic and global environment, including the onset of the Covid-19 pandemic. The health system in Namibia continues to struggle with the shock caused by the pandemic and the burden of other communicable and non-communicable diseases. Many of the broader health system challenges persist with sub-optimal delivery of health outcomes.

The country has public health services provided by the government through a network of more than 600 healthcare facilities throughout the country through outreach points, clinics, health centers, district hospitals, and tertiary and referral hospitals. These services are provided at a nominal fee, but those who cannot afford the fee are not denied the services either. Namibia has gone a long way to train healthcare professionals in various fields; for example, nurses, physiotherapists, pharmacies, doctors, and specialists who are providing complicated services, such as the cardiac unit, providing complex heart operations. The implementation of universal health coverage as a national health strategy remains crucial to ensure that every person and community in Namibia can access

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quality healthcare without suffering financial hardship.

There is a need for government to strengthen the country's healthcare system. This can be done by providing a full spectrum of essential quality health services, from the promotion of health to prevention, treatment, rehabilitation, and palliative care across an individual's life. The necessary health infrastructure and services must be in place in terms of geographic accessibility and availability of quality services. This is what constitutes universal health coverage, which will ensure the equitable provision of healthcare services for all Namibians, irrespective of social class.

Cabinet has approved the UHC framework, and a policy is now being developed to begin the implementation of UHC. Namaf is part of all Technical Working Groups and the Steering Committee on Universal Health Coverage and Pharmaceutical Pricing and Cost Containment Policy Steering Committee. Significant value proposition has been intending to create a stage for legislative reform.

Regulatory Update

The much-anticipated Financial Institutions and Market Act, Act (2) 2021 (FIMA) was promulgated on 30 September 2021. However, the date of FIMA's operation is yet to be fixed by the Minister of Finance as contemplated in section 468 of the FIMA Act. FIMA will replace the existing legislations for non-banking institutions regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA). The institutions that FIMA will govern include medical aid funds, their administrators, retirement funds, short- and long-term insurers, etc. The introduction of FIMA will not only amend the MAFs Act, 1995 but will also result in numerous changes for medical aid funds, which include some of the following:

a. All existing medical aid funds will have to re-apply for registration under FIMA. To register, medical aid funds must amend their rules to ensure that they are FIMA-compliant.
b. Every person or entity required to register under FIMA must do so within 12 months of FIMA coming into force (i.e., by 30 September 2023).
c. Increased adherence to Corporate Governance principles for the Fund and Board of Trustees (BoT).
d. Higher penalties for non-compliance to legislation.
e. Increased cost of compliance.
f. Increased reporting responsibility to Regulator and oversight over fund performance.
g. Plain language requirements for fund disclosures to clients and increased Management of treating customers fairly.

During the year under review, NAMFISA issued a draft standard under the FIM Act as part of the consultation process inviting MAF and interested parties for written representations.

The standards are subordinates legislation as contained in government gazette #7784 and #737 of 2021. Namaf, in exercising its statutory coordination function, convene stakeholders' workshops to formulate consolidated industry written representation. To date, NAMFISA is yet to revert to Namaf and the industry on the finality of the standards.

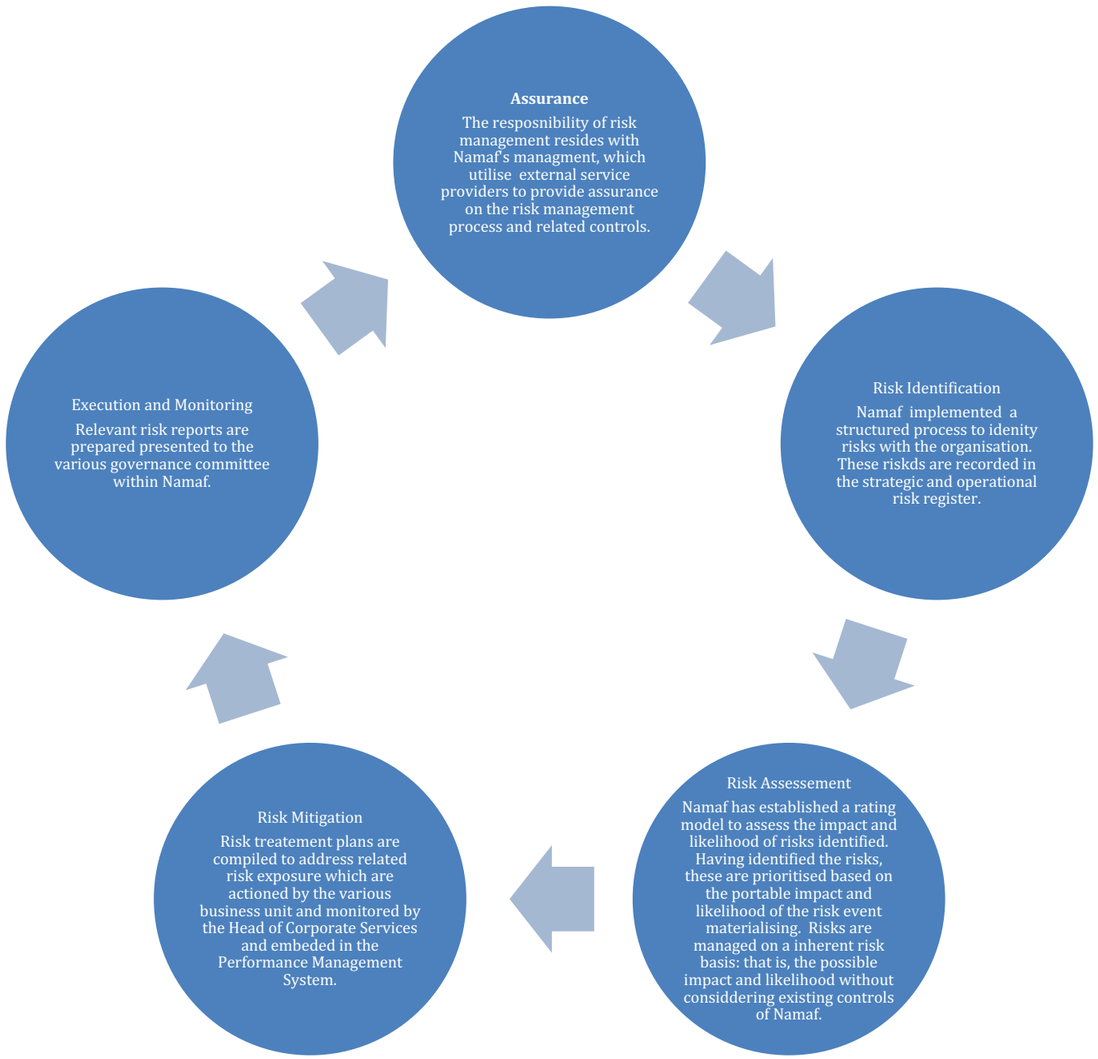
INSTITUTIONAL PERFORMANCE IN 2022

4. Institutional Performance in 2022

Namaf led the development and execution of the 2021–2023 Strategic Plan, which resulted in an analysis of the internal and external environmental changes for Namaf to respond proactively to developments in the industry it regulates. The period under review is year two of the three-year (2021–2023) Strategic Plan.

Namaf established a risk management framework that aligns with best practice guidelines. Risk management has been embedded in the Namaf's strategy and operations. The Management Committee is ultimately responsible for risk management in Namaf. The Human Resource and Finance Enhancement Committee, the Chief Executive Officer, and the Head of Corporate Service support it. The Secretariat annually reviews risks in the strategic risk register, which is monitored quarterly.

Namaf manages all categories of risk associated with its business operation, as depicted in the diagram below.



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Namaf has made significant progress on the strategic outcomes it adopted in 2021 and believes that these outcomes will be achieved within the remaining year of the three-year plan. The Secretariat recognizes and celebrates the following critical milestones during the reporting period:

Strategic Themes	Milestones Achieved
1. To firm up Namaf as the regulator that provides clear leadership and direction in the governance of the healthcare industry,	• Emboldened by our strife for legislative reform, Namaf's 2019 letter to the President triggered Cabinet to pass a resolution on implementing Universal Health Coverage and initiation of other reforms in the Health sector. Namaf is part of all Technical Working Groups and the Steering Committee on Universal Health Coverage and Pharmaceutical Pricing and Cost Containment Policy Steering Committee. Significant value proposition has been intending to create stage for legislative reform. • MC approved the proposed wording for amendment of Fund Rules inclusive of Namaf coding structures as a valid requirement for claims or statement of account. • Requirements for issuance of Practice Number was reviewed as contemplated in Regulations 5 and 6 of the Regulations made under section 44 of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995).
2. To lead the healthcare industry in Namibia in the creation of a blueprint for a sustainable future	• Signature of MoU on interventions addressing drivers of healthcare inflation with MAF's. • Namaf and PPN signed a Service Level Agreement to deliver the Optometry Price File. The development and delivery of the Optometry Price File was implemented according to the project plan.
3. To be at the forefront of a collaborative healthcare system, sharing knowledge and taking action to achieve tangible benefits with and for stakeholders.	• Extensive Stakeholders consultation and buy-in on the following strategic projects: a. Principles of the Namibia Medicine Benchmark Price File; b. Optometry Price File:

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	• Customer Service Charter was developed. • The website was revamped and aligned with the approved corporate identity.
4. To be the catalyst of relevant research, development, and learning in the industry	• Benchmarking and carrying out action research on healthcare financing and delivery to aid evidence-based policy decisions and system improvement. Not achieved
5. To secure adequate resources and support for effective strategy execution	• MC approved the Performance/Business Plan for 2022. • Namaf obtained an unqualified audit opinion. • One vacant position was filled. • MC approved the 2023 Budget. • To execute the strategy, the organisational the structure was reviewed. • Staff attended staff engagement and training sessions on project management. • All employees signed Performance Agreements. • The MC tracked institutional Performance by approving three quarterly Performance reports.

Performance lowlights for 2022

Despite the approval of the wording for amendment of the Fund Rules intended to specify Namaf coding structures as a requirement for a valid claim or statement of account, the actual amendments to fund rules were not made/or submitted to NAMFISA for approval. Parallel to this, despite Namaf providing draft Standards for NAMFISA covering Namaf coding structures as a requirement for valid claims or statements of account for approval and publication in the FIM Act, the 2021 standard still needs to be prioritised for 2022. Whereas the groundwork was laid in 2022, these are expected to be effected and realised in 2023.

Significant time was dedicated to stakeholder engagement to understand the principles of the Namibia benchmark tariff for medicines and surgical consumables; Namaf and MediKredit Integrated Healthcare Solutions (Pty) Ltd still need to sign the Service Level Agreement to develop and deliver the Namibia Medicine Benchmark Price File. This coding structure will enable the development of a price file to capture benchmark prices of items identified by the NAPPI codes.

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. In the reporting year, Namaf experienced high volumes of coding inquiries as to:

a) Who may or may not use the codes,
b) Codes that may and may not be used together, and
c) The circumstances under which codes may or may not be used.

This triggered Namaf to seek an automated helpdesk functionality system to address the high volumes of coding inquiries; despite testing the helpdesk functionality, Namaf did not have the budget to acquire the help desk.

Evidence from research can improve the Namibian health policy process by identifying new issues for the policy agenda, informing decisions about policy content and direction, and evaluating the impact of policy.

BACKGROUND INFORMATION

5. Background Information Understanding the Coding Structure

a. 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 indi cates 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 infor mation in the case of individual HCPs, such as ID and HPCNA registration numbers.

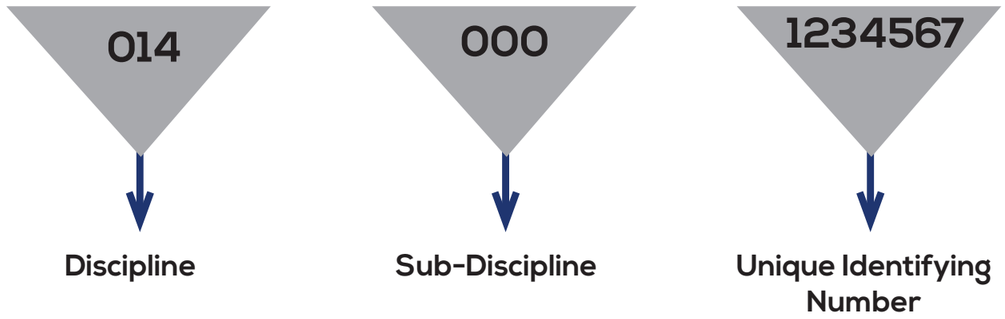


Figure 9: Components of a practice number

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.

b. 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 we performed these procedures (represented by procedure code) and prescribed these consumables/products (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.

i. 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 two 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.

ii. 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 de scription in words of each of the codes must have the following char acteristics:
- 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 proce dure or service, adjusted for:
- The relative complexity of the proce dure
- The relative levels of skill and exper tise required to perform the proce dure 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 perform ing 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.

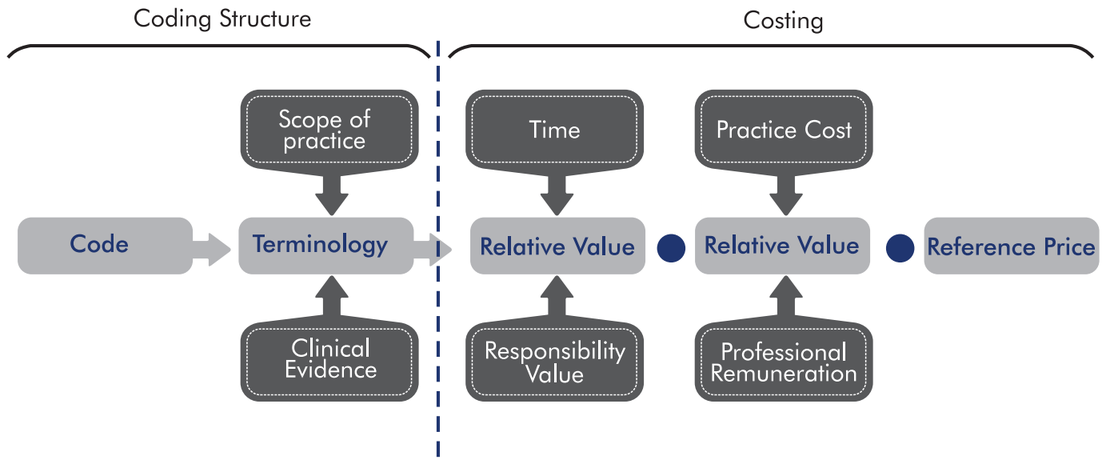


Figure: Namaf procedure coding structure components

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.

iii. 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.

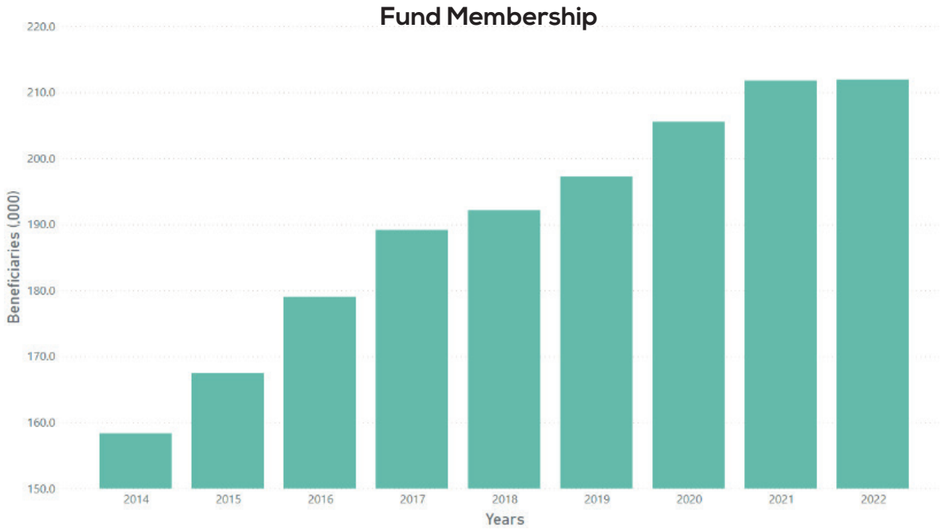
Once they come into effect, NAPPI codes will represent compulsory industry standards that all HCPs are legally required to use when interacting with MAFs.

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.

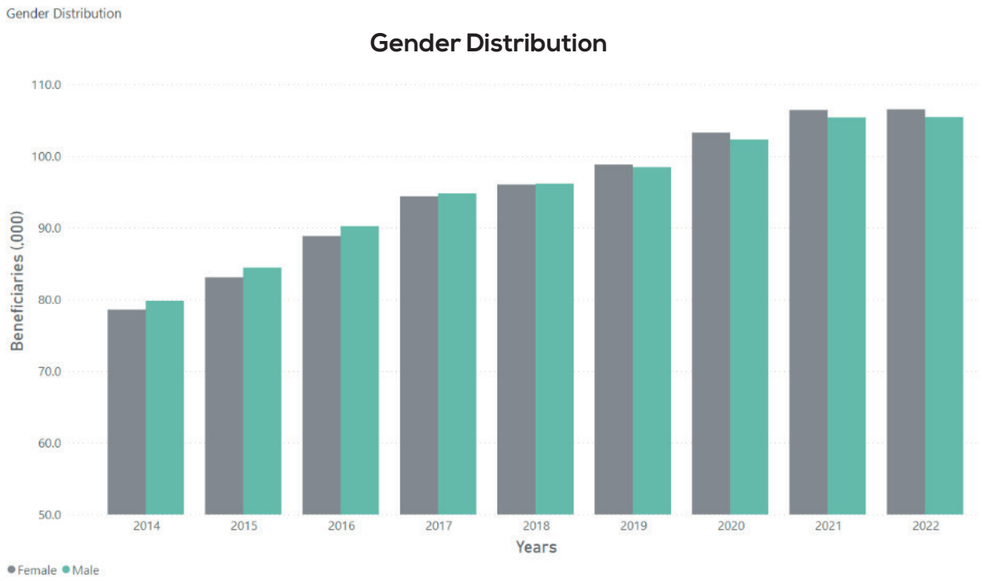
Medical Aid Statistics

6.1 Membership

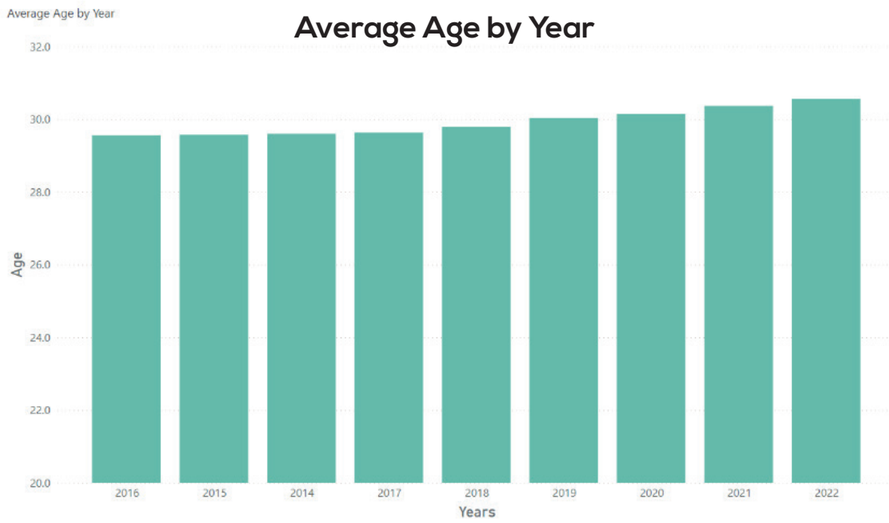
The membership of the registered medical aid funds remained relatively constant over the two years to end of 2022 with small increases in the membership numbers in the prior years. The beneficiaries belonging to registered medical aid funds totalled 211 920 at the end of 2022.



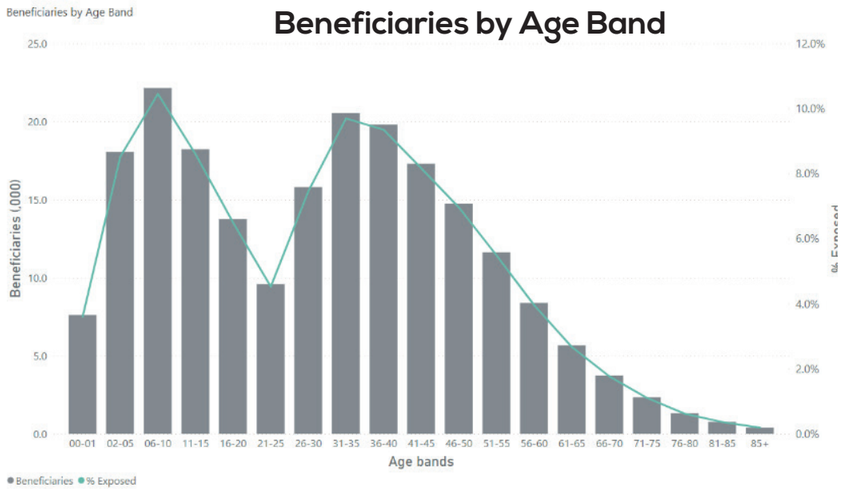
The proportion of male and female beneficiaries have remained similar over time.



Even though the ageing accelerated somewhat in 2022, 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.

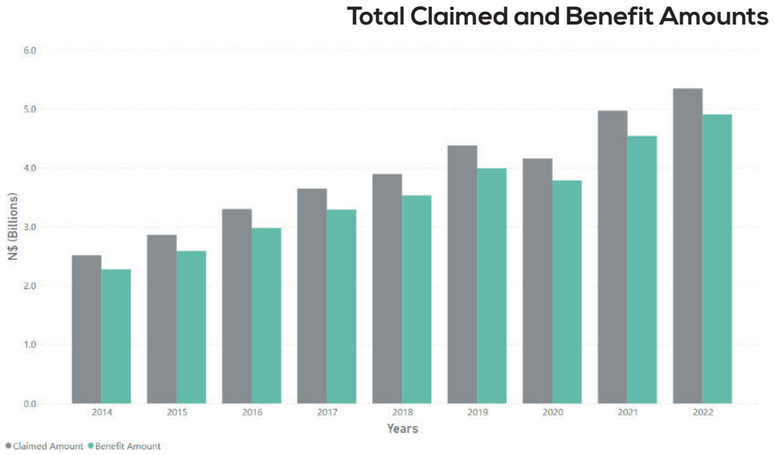


One of the reasons for the relatively constant age is related to the fact that relatively large proportions of the beneficiaries belonging to registered medical aid funds are falling into the younger age bands. The corollary is that lower proportions of the membership fall into the older age bands.

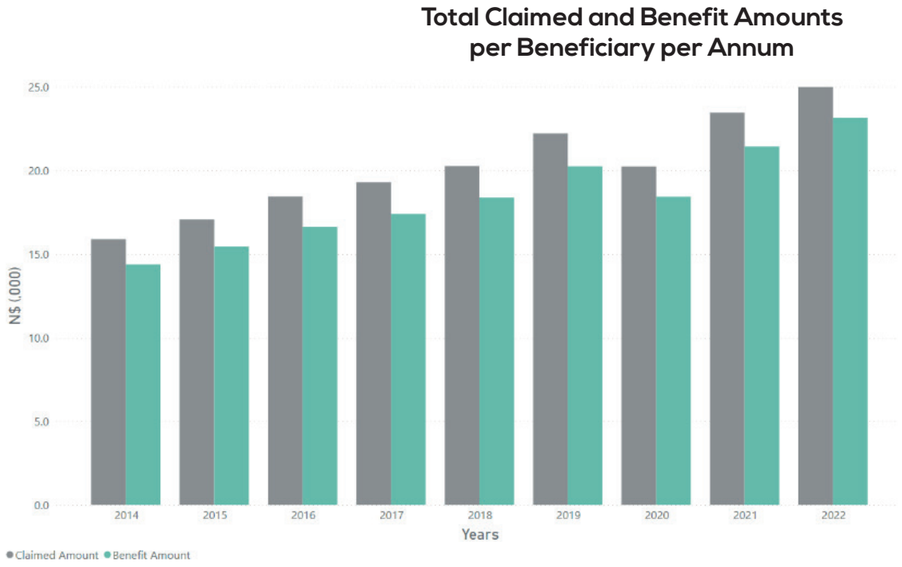


6.2 Claims Trends

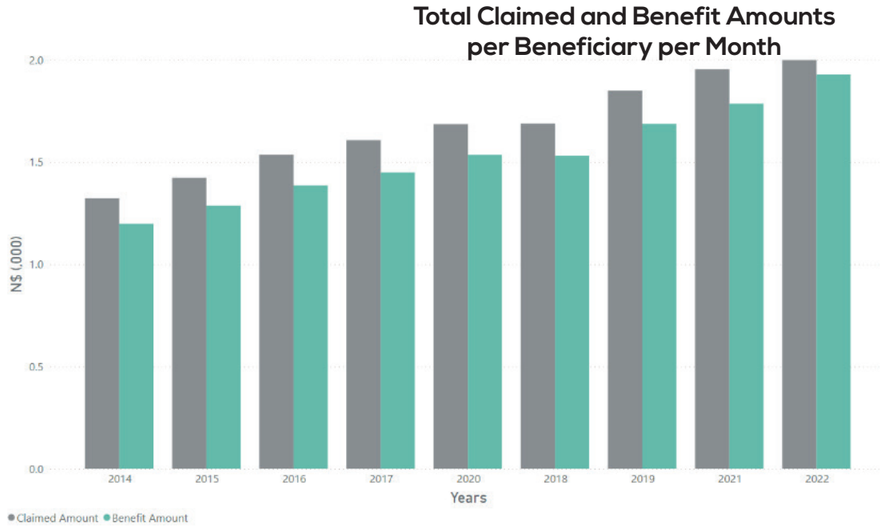
The total claimed and benefit amounts have been increasing constantly over time and the total value of the claims received by registered medical aid funds reached N$5.35 billion at the end of 2022. The impact of the COVID-19 pandemic on the utilisation of elective, or planned, healthcare services is reflected in the value of the claims received and benefits paid by registered medical aid funds 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 and 2022.



The total value of the claims received and paid for by the registered medical aid funds translates into N$25 240 that was claimed per average covered beneficiary for the 2022 benefit year and N$23 150 that was paid per average covered beneficiary per annum for the 2022 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 and the 2021 benefit year.

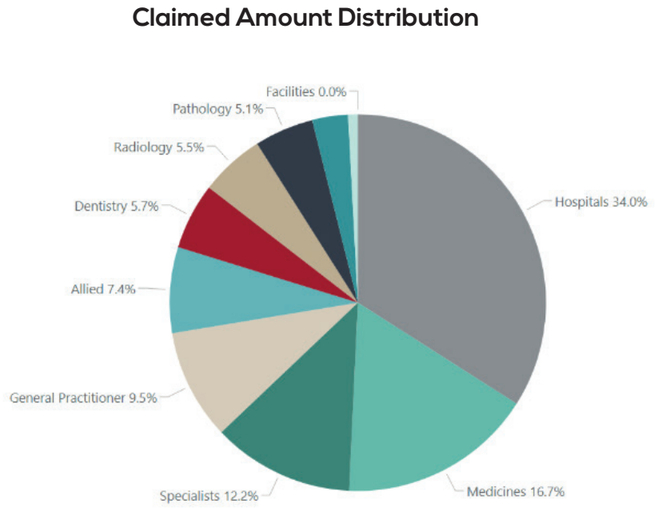


The above figures translate into a total claimed amount of N$2 100 per average beneficiary per month for the 2022 benefit year and a total benefit amount of N$1 930 per average beneficiary per month for the 2022 benefit year.

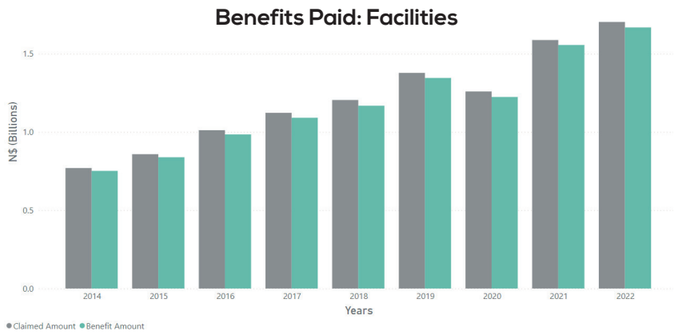


6.3 Claims by discipine

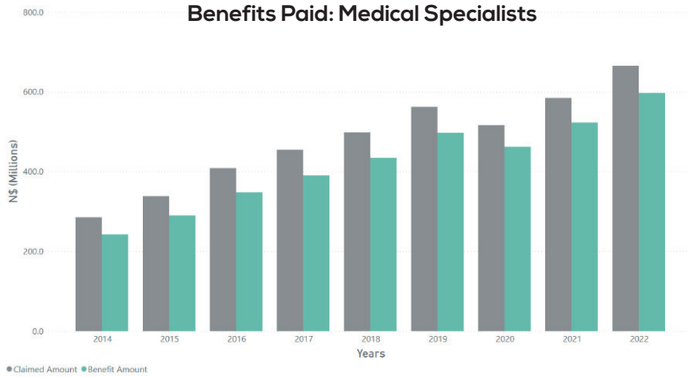
Private hospitals accounted for just over a third of the total claims paid in 2022 by registered medical aid funds, followed by medicines at 16.7%, specialists at 12.2% and general practitioners at 9.50%. The proportions of benefits paid toward general practitioners and medicines decreased when compared to the 2021 benefit year, while the proportion of benefits paid toward private hospitals and medical specialists increased in 2022 relative to 2021.



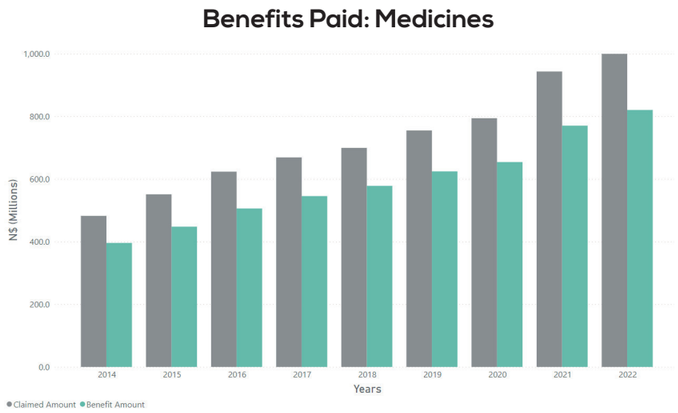
The total value of the claims paid to private hospitals in 2022 was N$1.67 billion while N$1.70 billion was claimed.



The total value of claims paid to medical specialists was N$596.92 million in 2022 while N$665.38 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.



An even lower percentage of claims received were paid for with respect to medicines with claims to the value of N$999.28 million having been received and claims to the value of N$820.23 million having been paid.



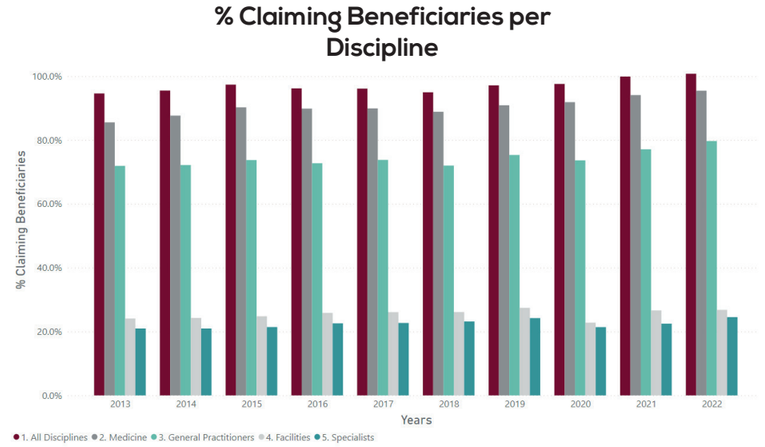
6.4 Key Drivers

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

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

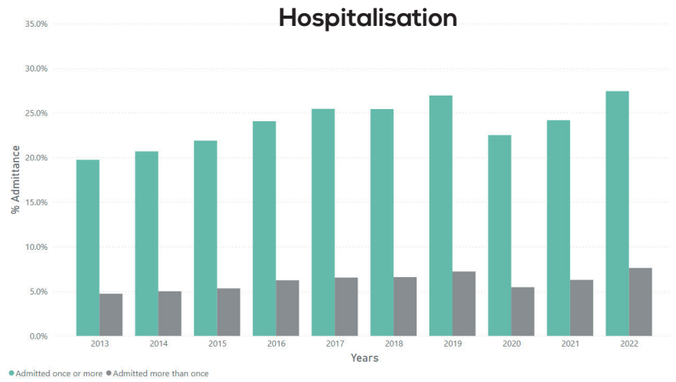
The figure below shows that the overall utilisation of services at a discipline or provider type level has remained relatively constant over time. In 2022:

- All the beneficiaries belonging to a registered medical aid fund submitted a claim of some description,
- 95.50% of beneficiaries submitted a claim for medicines,
- 79.70% of beneficiaries submitted a claim originating form an encounter with a general practitioner,
- 26.80% of beneficiaries submitted a claim originating from a hospital encounter, and
- 24.50% of beneficiaries submitted claim originating form an encounter with a medical specialist.



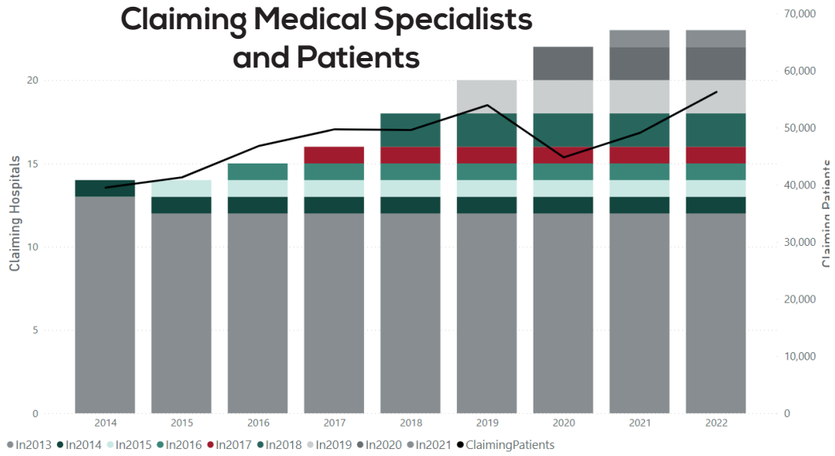
The trends in the figure above appear to be relatively constant over time, but this is because such a high percentage of beneficiaries submitted any claim. The impact of the Covid-19 pandemic on the utilisation of healthcare services is again visible.

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 19.73% to 27.42% over the ten years to December 2022 and the beneficiaries with more than one admission per year increased from 4.72% of the total covered beneficiaries to 7.61% of the total covered beneficiaries. These increases must be read together with the observation above that the av-



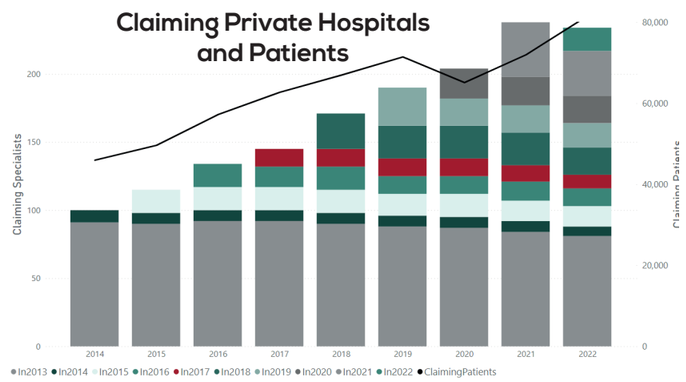
erage age of the covered beneficiaries remained relatively constant over the same period. It is a well-known fact that the numbers of hospitals and hospital beds have increased quite significantly over recent years. The figure below shows how the numbers of admissions have been increasing as the numbers 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, even though the numbers of hospitals remained the same. In 2022 the rates of admission have returned to pre-pandemic levels.



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.

Annual Report 2022



It is again worth noting that the numbers of beneficiaries that accessed specialist services reduced significantly in 2020 and 2021, which can be ascribed to the effects of the COVID-19 pandemic. In 2022, the utilisation of specialist services has returned to pre-pandemic levels.

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 few 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 registered medical aid funds, 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.

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Annual Financial Statements

NAMIBIAN ASSOCIATION OF MEDICAL AID FUNDS (NAMAF)
Annual Financial Statements
for the year ended 31 December 2022

Namibian Association of Medical Aid Funds (NAMAF)

Trading as Namibia Association of Medical Aid Funds
Annual Financial Statements for the year ended 31 December 2022

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Association 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.
Management Committee	L.A. Namoloh P. Theron D.H. Somseb G. Tjombe B. Amuenje A. Begley V. Muchero D. Garosas R Kalipi E Molatudi
Registered office	Ground Floor, Office No.1 South Port Building, Hosea Kutako Drive Windhoek Namibia 10005
Bankers	Nedbank Namibia Limited First National Bank Namibia Limited
Auditors	PKF-FCS Auditors Registered Accountants and Auditors Chartered Accountants (Namibia)

INDEX

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

Namibian Association of Medical Aid Funds (NAMAF)
Trading as Namibia Association of Medical Aid Funds
Annual Financial Statements for the year ended 31 December 2022

MANAGEMENT COMMITTEE'S RESPONSIBILITIES AND APPROVAL

The Management Committee is required by the Medical Aid Funds Act, 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 Generally Accepted Accounting Practice - NAC 001: Namibian Statement on 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 Generally Accepted Accounting Practice - NAC 001: Namibian Statement on 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 is 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 2023 and, in the light of this review and the current financial position, they are satisfied that the association has or has 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 page 6 - 7.

The annual financial statements set out on pages 8 to 20, which have been prepared on the going concern basis, were approved by the on 11 May 2023 and were signed on its behalf by:

Approval of annual financial statements

L.A. Namoloh **P. Theron**

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 2022.

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 Namibian Generally Accepted Accounting Practice - NAC 001: Namibian Statement on Financial Reporting for Small and Medium Sized Entities and the requirements of the Medical Aid Funds Act. The accounting policies have been applied consistently compared to the prior year.

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:

Name:	Office	Nationality	Changes
L.A. Namoloh	Chairperson	Namibian	
P. Theron	Vice Chairperson	Namibian	
D.H. Somseb	Treasurer	Namibian	
G. Tjombe	Member	Namibian	
B. Amuenje	Member	Namibian	
L.D. Nashandi	Member	Namibian	Resigned 31 July 2022
A. Begley	Member	Namibian	
V. Muchero	Co-opted member	Namibian	
S. Kangowa	Co-opted member	South Africa	Resigned 31 August 2022
D. Garosas	Co-opted member	Namibian	Appointed 1 September 2022
R Kalipi	Member	Namibian	Appointed 1 September 2022
E Molatudi	Co-opted member	Namibian	Appointed 1 September 2022

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.

Namibian Association of Medical Aid Funds (NAMAF)
Trading as Namibia Association of Medical Aid Funds
Annual Financial Statements for the year ended 31 December 2022

MANAGEMENT COMMITTEE'S REPORT

5. 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.

The Management Committee believe 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 have 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.

6. Terms of appointment of the auditors

PKF-FCS Auditors were appointed as the company's auditors.

PKF FCS Auditors

Member Practice: 20601

Partners:
J.P. Kouwenhoven
Jeanine Du Toit
Patterson Tjipueja
Uwe Wolff

128 6th Street, P.O. Box 4440, Walvis Bay
+264 64 215 100 | auditorswvb@pkf-fcs.com

3 Kerby Street, P.O. Box 9779, Windhoek
+264 61 387 800 I auditorswhk@pkf-fcs.com

pkf.com; fcsnam.com

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annual financial statements of Namibian Association of Medical Aid Funds (NAMAF) (the company) set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 2022, and its financial performance and cash flows for the year then ended in accordance with the Namibian Generally Accepted Accounting Practice - NAC 001: Namibian Statement on 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 International Standards on Auditing. Our responsibilities under those standards are further described in the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of 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.

Other Information

The Management Committee are responsible for the other information. The other information comprises the information included in the document titled "Namibian Association of Medical Aid Funds (NAMAF) annual financial statements for the year ended 31 December 2022", which includes the Detailed Income Statement which we obtained prior to the date of this period.pages 21 to 22.The other information does not include the annual financial statements and our Management Committee'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.

INDEPENDENT AUDITOR'S REPORT

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 Generally Accepted Accounting Practice - NAC 001: Namibian Statement on 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 company'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 company 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 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 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 company'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 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 company'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 company 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.

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.

PKF-FCS Auditors

PKF FCS Auditors Chartered Accountants

PKF-FCS Auditors
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Patterson K. Tjipueja
Partner

11 May 2023
Windhoek

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note(s)	2022 N$	2021 N$
Assets			
Non-Current Assets			
Property, plant and equipment	2	315,249	288,483
Intangible assets	3	1,098,217	1,240,814
Investments	4	7,582,394	-
		8,995,860	**1,529,297**
Current Assets			
Trade and other receivables	5	83,389	222,547
Investments	4	851,770	8,032,952
Cash and cash equivalents	6	55,479	174,900
		990,638	**8,430,399**
Total Assets		**9,986,498**	**9,959,696**
Equity and Liabilities			
Equity			
Retained income		9,633,689	9,046,310
Liabilities			
Current Liabilities			
Trade and other payables	8	352,809	598,239
Provisions	7	-	315,147
		352,809	**913,386**
Total Equity and Liabilities		**9,986,498**	**9,959,696**

Namibian Association of Medical Aid Funds (NAMAF)
Trading as Namibia Association of Medical Aid Funds
Annual Financial Statements for the year ended 31 December 2022

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2022 N$	2021 N$
Revenue	9	15,477,280	14,739,075
Other income	10	-	66,823
Operating expenses	11	(15,571,751)	(14,047,910)
Operating (loss) profit		**(94,471)**	**757,988**
Investment revenue	15	681,850	182,290
Surplus for the year		**587,379**	**940,278**

STATEMENT OF CHANGES IN EQUITY

	Retained surplus N$	Total equity N$
Balance at 1 January 2021	**8,106,032**	**8,106,032**
Surplus for the year	**940,278**	**940,278**
Balance at 1 January 2022	**9,046,310**	**9,046,310**
Surplus for the year	**587,379**	**587,379**
Balance at 31 December 2022	**9,633,689**	**9,633,689**

Namibian Association of Medical Aid Funds (NAMAF)
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Annual Financial Statements for the year ended 31 December 2022

STATEMENT OF CASH FLOWS

	Note(s)	2022 N$	2021 N$
Cash flows from operating activities			
Cash receipts from customers		15,627,790	14,797,461
Cash paid to suppliers and employees		(15,889,038)	(14,033,085)
Cash (used in) generated from operations	16	(261,248)	764,376
Interest income		681,850	182,290
Net cash from operating activities		**420,602**	**946,666**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(154,971)	(61,275)
Proceeds from sale of property, plant and equipment	2	16,157	14,406
Purchase of intangible assets	3	-	(119,303)
Purchases of other financial assets		(401,209)	(1,201,721)
Net cash from investing activities		**(540,023)**	**(1,367,893)**
Total cash movement for the year		**(119,421)**	**(421,227)**
Cash and cash equivalents at the beginning of the year		174,900	596,127
Total cash at end of the year	6	**55,479**	**174,900**

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the Namibian Generally Accepted Accounting Practice - NAC 001: Namibian Statement on Financial Reporting for Small and Medium Sized Entities, and the Medical Aid Funds Act. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollar.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The association reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

1.2 Property, plant and equipment

Property, 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 period.

An item of property, 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.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, 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. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. 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.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years

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

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ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, 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 property, 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 property, 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 an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

Amortisation is provided to write down the intangible assets as follows:

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

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.4 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

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

1.6 Impairment of assets

The association assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

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 leave pay 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.

Defined contribution plans

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

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ACCOUNTING POLICIES

1.8 Provisions and contingencies

Provisions are recognised when the association has an obligation at the reporting date as a result of a past event; it is probable that the association will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the association has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the association. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Borrowing costs

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 N$	2021 N$

2. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Furniture and fixtures	360,085	(208,856)	151,229	334,750	(178,835)	155,915
Office equipment	136,151	(27,232)	108,919	37,182	(5,442)	31,740
IT equipment	284,143	(229,042)	55,101	269,633	(168,805)	100,828
Total	**780,379**	**(465,130)**	**315,249**	**641,565**	**(353,082)**	**288,483**

Reconciliation of property, plant and equipment - 2022

	Furniture and fixtures	Office equipment	IT equipment	Total
Cost	360,085	136,151	284,143	780,379
Accumulated depreciation and impairment	(208,856)	(27,232)	(229,042)	(465,130)
Net book value at 31 December 2022	**151,229**	**108,919**	**55,101**	**315,249**
Net book value at beginning of year	**155,915**	**31,740**	**100,828**	**288,483**
Additions	25,335	98,969	30,667	154,971
Disposals and scrapping's - cost	-	-	(16,157)	(16,157)
Depreciation	(30,021)	(21,790)	(60,237)	(112,048)
Net book value at end of year	**151,229**	**108,919**	**55,101**	**315,249**

Reconciliation of property, plant and equipment - 2021

	Furniture and fixtures	Office equipment	IT equipment	Total
Cost	326,816	-	272,660	599,476
Accumulated depreciation and impairment	(150,477)	-	(117,880)	(268,357)
Net book value at 31 December 2021	**176,339**	**-**	**154,780**	**331,119**
Net book value at beginning of year	**176,339**	**-**	**154,780**	**331,119**
Additions	7,934	37,182	16,159	61,275
Disposals and scrapping's - cost	-	-	(12,790)	(12,790)
Depreciation	(28,358)	(5,442)	(57,321)	(91,121)
Net book value at end of year	**155,915**	**31,740**	**100,828**	**288,483**

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 N$	2021 N$

3. Intangible assets

	2022			2021		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Intangible assets	1,425,973	(327,756)	1,098,217	1,425,973	(185,159)	1,240,814

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Closing balance
Practice Code Numbering System	1,240,814	(142,597)	1,098,217

Reconciliation of intangible assets - 2021

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

4. Investments

At fair value		
Nampost Fixed deposit that earns interest at 7.60% per annum, interest is capitalised at maturity date, being 14 June 2024.	7,582,394	-
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.	851,189	1,846,503
IJG Securities Money Market Trust Fixed deposit that earns interest at 4.77% per annum, interest is capitalised at maturity date, being 9 June 2022.	-	3,600,000
Nampost Fixed deposit that earns interest at 4.65% per annum, interest is capitalised at maturity date, being 3 June 2022.	581	2,586,449
	8,434,164	**8,032,952**
Non-current assets		
At fair value	7,582,394	-
Current assets		
At fair value	851,770	8,032,952
	8,434,164	**8,032,952**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 N$	2021 N$
5. Trade and other receivables		
Trade receivables	6,644	28,057
Deposits	65,393	194,490
Leave days receivable	11,352	-
	83,389	**222,547**
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,639	128
Bank balances	53,840	174,772
	55,479	**174,900**
7. Provisions		

Reconciliation of provisions - 2022

	Opening balance	Movement	Closing balance
Leave pay provision	286,382	(286,382)	-
Severance pay provision	28,765	(28,765)	-
	315,147	**(315,147)**	**-**

Reconciliation of provisions - 2021

	Opening balance	Movement	Closing balance
Leave pay provision	288,142	(1,760)	286,382
Severance pay provision	28,174	591	28,765
	316,316	**(1,169)**	**315,147**

8. Trade and other payables		
Trade payables	57,282	84,014
Payroll accruals	270,039	313,022
Prepaid renewal and registration income	25,488	201,203
	352,809	**598,239**
9. Revenue		
Subscription fees	12,712,481	12,051,019
Annual renewal fees	1,947,382	1,824,433
Registration fees	559,887	449,723
Training income	119,530	275,900
Management fees	138,000	138,000
	15,477,280	**14,739,075**

	2022 N$	2021 N$
10. Other income		
Profit on sale of assets and liabilities	-	1,615
Sundries and recoveries	-	65,208
	-	**66,823**
11. Operating expenses		
Operating expenses include the following expenses:		
Operating lease charges		
Premises		
• Contractual amounts	909,038	879,364
Depreciation and amortisation	254,645	232,724
Employee costs	7,497,757	6,196,359
12. Auditor's remuneration		
Fees	98,325	66,413
13. Employee cost		
Employee costs		
Salaries, wages, bonuses and other benefits	7,824,257	6,197,527
Leave pay provision charge	(297,735)	(1,760)
Severance pay provision movement	(28,765)	592
	7,497,757	**6,196,359**
14. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	112,048	91,121
Amortisation		
Intangible assets	142,597	141,603
Total depreciation, amortisation and impairments		
Depreciation	112,048	91,121
Amortisation	142,597	141,603
	254,645	**232,724**
15. Investment revenue		
Interest revenue		
Bank	2,637	962
Investments	679,213	181,328
	681,850	**182,290**

	2022 N$	2021 N$
16. Cash (used in) generated from operations		
Surplus before taxation	576,026	940,277
Adjustments for:		
Depreciation, amortisation, impairments and reversals of impairments	254,645	232,724
Profit on sale of assets and liabilities	-	(1,615)
Movement in provisions	(315,147)	(1,169)
Investment income	(681,850)	(182,290)
Changes in working capital:		
Decrease in trade and other receivables	150,510	58,389
Decrease in trade and other payables	(245,432)	(281,940)
	(261,248)	**764,376**
17. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	972,670	907,265
- in second to fifth year inclusive	1,945,340	1,256,908
	2,918,010	**2,164,173**

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

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DETAILED INCOME STATEMENT

	Note(s)	2022 N$	2021 N$
Revenue	9	**15,477,280**	**14,739,075**
Other income			
Sundries and recoveries		-	65,208
Gains on disposal of assets		-	1,615
		-	**66,823**
Expenses (Refer to page 22)		**(15,583,104)**	**(14,047,910)**
Operating (loss) profit		**(105,824)**	**757,988**
Investment income	15	681,850	182,290
Profit for the year		**576,026**	**940,278**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Namibian Association of Medical Aid Funds (NAMAF)

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DETAILED INCOME STATEMENT

	Note(s)	2022 N$	2021 N$
Operating expenses			
AWS - Cloud services		176,104	138,344
Actuarial fees and coding support		2,300,723	2,198,864
Advertising		69,195	130,875
Auditors remuneration	12	98,325	66,413
Bank charges		49,132	41,265
Circumcision and HIV dashboard expense		114,000	114,000
Cleaning		34,320	25,058
Computer expenses		404,866	315,664
Consulting fees		107,525	82,863
Depreciation, amortisation and impairments		254,645	232,724
Employee costs		7,497,757	6,196,359
Entertainment		19,946	28,596
Fines and penalties		-	648
Insurance		32,587	32,304
Lease rentals on operating lease		909,038	879,364
Legal expenses		107,013	133,874
Liability cover: Managers and officers		19,366	21,786
Medicor expenses		24,000	24,000
Meeting allowance and retainer fees		1,925,779	1,881,639
Municipal expenses		136,051	117,221
Office expenses		98,503	88,724
PCN file archiving		44,440	45,080
PCN system ongoing support		357,554	394,820
Postage		780	392
Printing and stationery		87,159	67,292
Publishment of industry reports		70,400	65,111
Repairs and maintenance		8,670	3,866
Security		7,542	7,293
Staff recruitment		-	5,865
Staff development		183,484	145,790
Strategy development		-	60,000
Strategy stakeholder engagement expenses		20,514	-
Telephone and fax		192,476	248,776
Training		82,825	208,300
Travel - local/ regional		137,032	21,340
Trustee training		-	23,400
		15,583,104	**14,047,910**

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