CHAIRMAN'S REPORT, ANNUAL GENERAL MEETING, MEDICAL SERVICES PLAN

I have pleasure in presenting to you the fifth Annual Report of Medical Services Plan. This covers the period 1 January—31 December 1963.

Finance and Growth of the Plan

The balance sheet shows that at the close of the year under review the capital account stood at R41,050 which represents the balance of R38,999 brought forward from the last balance sheet, plus the sum of R2,051 which was the excess of revenue over expenditure for 1963. The Plan holds as an additional reserve the capital sum of R15,200, which is the aggregate amount of loans of R20.00 each subscribed by the 760 Participating Doctors in the Plan. As at the date of the close of the balance sheet, the cash resources at the bank, in savings account, and on fixed deposits amounted to R159,109.

The Income for the year was R511,265, being R506,836 from subscriptions, R4,374 from interest on investments and R55.00 from rentals. On the expenditure side, R457,151 (equivalent to 88% of subscription income) was allocated for medical services and hospitalization. Of this amount, R348,276 had been paid at the closing date of the period under review. In conformity with the increased liabilities of the Plan occasioned by the growth of subscriber membership, the sum of R16,000 was earmarked for the purpose of raising the reserve from R23,000 to R39,000 for services received by members but for which claims have not yet been submitted.

The growth in subscriber membership and of monthly income is shown in the following table. In order that members may be brought up to date with the latest position, the figures for the first 6 months of the current year have also been included:

	31 Dec. 1962	30 June 1963	31 Dec. 1963	30 June 1963
1. Number of groups	149	182	193	205
2. Number of subscribers	5,507	6,883	7,356	7,897
3. Number of persons covered	15,603	19,742	21,027	22,447
4. Monthly income (subs)	R33,846	R42,459	R45,054	R48,227

The Medical Services Plan now provides more comprehensive cover at a lower premium than any comparable scheme operating in this country. Hitherto, the policy of the Board of the Plan has been to discourage active canvassing of subscribing members. However, the Board has recently been considering whether this policy should be revised with a view to bringing the advantages of the Plan to the attention of industrial and commercial organizations which may be contemplating medical care schemes.

Participating Doctors' Loans

Consideration should perhaps also be given to the question whether the time has come when the Plan should refund to its Participating Doctors their R20.00 loans. You will recall that these loans were given to assist the Plan in meeting the initial costs of setting up its administrative machinery. In fact, these loans have remained intact and the Plan has throughout succeeded in providing for necessary office equipment and other expenses out of such surpluses as remained from current income after deduction of benefits rendered to subscribers. The removal of the requirement for a Participating Doctors' Loan should remove whatever reservations may still exist regarding voluntary participation of doctors in the Plan, since recognition as a Participating Doctor will then be automatic on application and agreement to abide by the conditions detailed in the Participating Doctors' contracts.

My own recommendation is that these loans should be handed over to the Benevolent Fund of the Medical Association of South Africa. This would serve as a fitting gesture to the Medical Association which conceived and initiated Medical Services Plan. Moreover, it would set a precedent for the other six Medical Association-sponsored Plans, when, in due course, they too come to consider refunding their Participating Doctors' loans. I feel certain that most Participating Doctors have written these amounts off already. However, each Participating Doctor will be given the opportunity of determining his wish concerning his personal loan.

Pro-rating of Accounts

On being advised that the general practitioners in this area had increased their fees for consultations and visits for private patients, it appeared to the Board that an increase of 25 cents in the maximum fees payable by the Plan for these services became applicable in terms of the formula prescribed by agreement between the Plan and the Southern Transvaal Branch of the Medical Association. The Board therefore sought a ruling from the Branch Council on this matter and was requested to bring the increase in fees into effect. This the Board agreed to do, but it did not consider that it would be opportune to increase subscriptions to cover the anticipated increase in expenditure. Having regard to the claims experience of 1963, it was therefore decided that, as a financial safeguard, all accounts for services rendered should be pro-rated 7% from 1 June till the end of the current year. Account is being kept of all amounts pro-rated and each Participating Doctor affected is being credited with these amounts in a separate 'suspension account'. It is hoped that the Board's estimate will prove to be conservative and that the Plan will be able to repay all amounts outstanding to the credit of the individual doctors at the end of the fiscal year.

Dual Tariff

At the last general meeting a resolution was passed without dissent that the Participating Doctors favoured a sliding scale of subscriptions and two or more tariffs of fees dependent upon the incomes of subscribers and family size. As you know, the Medical Association of South Africa is at present considering the question of the tariff of fees for medical services which should be applicable to all pre-paid medical schemes. The Plan will, of course, abide by whatever decision is finally arrived at by the Association in this matter, but the fact that the Participating Doctors of this Plan are opposed to a single tariff should not be ignored. Should it finally be decided that there will be a single tariff applicable to all pre-paid medical schemes, the policy of pro-rating of accounts to meet any possible shortfall in income from subscriptions will, of course, have to be reconsidered.

In conclusion, I wish to take this opportunity of expressing to our Medical Assessor, Dr. J. Alexander Bell, to our General Manager, Mr. P. J. Parvus, and to all the members of the staff of the Plan, our very sincere thanks and appreciation for the very efficient and painstaking manner in which they carried out their duties.

I now have the pleasure in moving the adoption of this report and financial accounts.

MAURICE SHAPIRO.