

Enquiries: Manager: Medical Aid Funds

08 August 2014

Principal Officers - All Registered Medical Aid Funds

Namibia Association of Medical Aid Funds (NAMAF)

Administrators of Medical Aid Funds

Directive No.: PI/MA/4/31/7/2014

Effective date: 15 September 2014

SUBMISSIONS OF FUND RELATED DOCUMENTS BY MEANS OF THE PRESCRIBED APPLICATION FORMS

1. Background

This directive is issued by virtue of NAMFISA's functions and powers, and those of its Chief Executive Officer in his capacity as the Registrar of Medical Aid Funds, in terms of the Namibia Financial Institutions Supervisory Authority Act No. 3 of 2001 and is applicable to all registered Medical Aid Funds registered in accordance with section 23 of the Medical Aid Funds Act, 1995 (Act No. 23 of 1995).

The department of Medical Aid Funds has developed forms to accompany the submission of the following;

- The rule amendment application form;
- The registration application form; and
- The deregistration application form

The purpose hereof is to effectively and efficiently respond to requests submitted by regulated entities in the swiftest way possible. This will also enable us to evaluate our turn-around time on requests submitted and continue improving on our obligations to the industry.



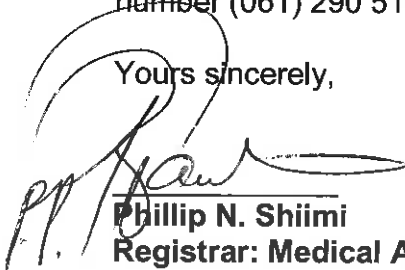
2. PURPOSE OF THE NOTICE

This directive serves to inform you that with effect **15 September 2014**, all Medical Aid Funds are required to submit the prescribed application form (s), where applicable along with its request to the Authority. Documents that do not have the necessitated application form(s) will be regarded as being incomplete and will affect the turnaround times indicated on the Service Level Commitment.

Attached hereto, kindly find the prescribed application forms as indicated above.

Should you have any further queries regarding the above mentioned matter, please do not hesitate to contact the manager of the Medical Aid Funds department at telephone number (061) 290 5167.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. N. Shiimi', is written over a horizontal line.

Phillip N. Shiimi
Registrar: Medical Aid Funds



PROVIDENT INSTITUTIONS DIVISION

MEDICAL AID FUNDS & FRIENDLY SOCIETIES DEPARTMENT
APPLICATION FOR THE DEREGISTRATION OF A MEDICAL AID FUND

APPLICATION FOR DE-REGISTRATION IN TERMS OF SECTION 38 OF THE MEDICAL AID FUNDS ACT, (ACT 23 OF 1995)	
<i>[To be completed and signed by a duly authorized member of the board of the fund]</i>	
Name of Fund	
Name of Administrator	
Fund Registration Number	
Full Names of Liquidator	
Identity number of Liquidator	
Effective date of de-registration	
The board of the Fund has resolved that the Fund should be deregistered as the Fund will have no members, assets and liabilities after the transfer has been effected. A copy of the board resolution stating that fact is attached hereto.	
A certificate from the liquidator stating that the Fund has no more members, assets and liabilities is also enclosed.	
I, duly authorized member of the board of the Fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.	

SIGNATURE

DATE

FULL NAME IN PRINT

DESIGNATION

ANNEXURE A

CERTIFICATE OF THE LIQUIDATOR IN RESPECT OF THE APPLICATION TO CANCEL THE REGISTRATION OF THE FUND	
<i>[To be completed and signed by a liquidator or such dully authorized person as per section 38 (2) of the Medial Aid Funds Act,(Act 23 of 1995)]</i>	
Name of Fund	
Fund Registration Number	
Full Names of Liquidator	
Identity number of Liquidator	
Value of Assets at commencement of liquidation	
Value of liabilities at commencement of liquidation	
Value of assets after the finalization of liquidation	
Value of liabilities after the finalization of liquidation	
I, hereby declare that all benefits have been paid in terms of the rules of the fund and that there are no assets, members and liabilities remaining in the fund and the fund ceased to exist on/...../20.....	
I declare that, to the best of my knowledge, that the information herein supplied is complete, true and correct and not misleading in any respect.	
I undertake to supply any further information requested by the office of the Registrar, or NAMFISA, as and when required for purposes of carrying out the provisions of the Medical Aid Funds Act, 1995 (Act 23 of 1995), the Regulations published there under and any other directive(s) issued by the Registrar, and/or NAMFISA.	

SIGNATURE

DATE

FULL NAME IN PRINT

DESIGNATION



PROVIDENT INSTITUTIONS DIVISION

MEDICAL AID FUNDS DEPARTMENT
APPLICATION FOR THE REGISTRATION OF A MEDICAL AID FUND

APPLICATION FOR NEW REGISTRATION IN TERMS OF SECTION 23 OF THE MEDICAL AID FUNDS ACT, 1995 (ACT 23 OF 1995)

1. I, _____

(full name of authorized representative of fund)

hereby apply for the registration of _____ as a fund.
(name of fund)

2. It is intended that -

(a) the fund will be _____ fund;
(open or closed)

(b) the Principal Officer will be _____

(full names)

(c) the physical address

(d) ID number of the Principal Officer

(e) contact details of the Principal Officer

(f) the registered office of the fund

(Full physical address)

(g) the postal address of the fund

(h) the name and contact details of the administrator (if applicable)

(i) the name and contact details of the proposed auditor

3. Attached to this application are -

No	Description	Please tick (v) appropriate Box	
		Yes	No
BOARD OF TRUSTEES INFORMATION			
a	The Boards' resolution for the establishment and the name of the medical aid fund		
b	The Boards' resolution approving the appointment of the Principal Officer		
c	Full details of those who will be participating employers for the fund (if applicable)		
d	Curriculum vitae and the Identification documents of the proposed board members		
e	Code of conduct for the members of the Board of Trustees		
PROPOSED FUND INFORMATION			
f	Two copies of the proposed rules of the fund duly signed by the Chairman and co-signed by one other Trustee		
g	Copy of the Business Plan		
PRINCIPAL OFFICER INFORMATION			
h	Curriculum vitae and the Identification document of the Principal Officer		
i	Proof of Namibian citizenship or permanent residence of Principal Officer		
FINANCIAL INFORMATION			
j	A statement explaining the basis on which the fund will operate and a certificate of the valuator certifying the financial soundness of the fund		
k	A statement of the present rights, obligations, assets and liabilities of the fund (if any) and of any assets held in trust for the fund as contemplated in section 44 (1) (c) of the Act		
l	Proof of a bank guarantee to the amount of N\$750,000.00 by a recognized financial institution in Namibia		
THIRD PARTY INFORMATION			
m	Copy of the proposed administration agreement between the Fund and the administrator (if applicable)		
n	Latest audited financial statements of the Administrator (if applicable)		
o	Copy of all reinsurance agreements relating to the Fund (if applicable)		
p	Copy of any other agreements between the Fund and any other party (e.g. Managed healthcare organizations, healthcare consultant, or any other party)		

No	Description	Please tick (v) appropriate Box	
		Yes	No
q	Full details of the infrastructure, computer facilities and expertise in terms of which the business of the Fund is to be conducted or administered (this may be included in the business plan)		
REGULATORY REQUIREMENTS			
r	Proof of payment of the prescribed application fee		

4. Applicant's declaration

We: _____
(Name of Medical Aid Fund)

- **Declare** that all the information and documents provided in this application are complete, and correct.
- **Understand** that the information and documents provided in this application form the basis of the application and can be relied upon.
- **Understand** that if any information in this application changes before and/or after this application is approved, we must immediately notify NAMFISA in writing of the changes.

(To be signed by two Trustees including the Chairperson of the Board of Trustees.)

.....
Full Name
(Chairperson)

.....
Signature

.....
Date

.....
Full Name
(Ordinary Member)

.....
Signature

.....
Date

BUSINESS PLAN FORMAT

The following are the minimum requirements of what should be included in the business plan, however, the applicant can include any other information they feel is relevant to the application.

1. OBJECTIVES

The applicant must supply sufficient information relating to the purpose of registering a new medical aid fund. The application should include as a minimum the following:

- a. The need/purpose for the proposed medical aid fund and its target market.
- b. The major differences between the proposed medical aid fund and the existing medical aid funds (if any).
- c. The mission and objectives for registering the new medical aid fund.

2. STRATEGY AND IMPLEMENTATION

The applicant must give a brief overview of factors considered strengths and opportunities and those being weaknesses and threats to the proposed fund as well as the reasons why the applicant considers the factors as such, and the manner in which such factors will assist the proposed new fund to succeed.

2.1 Strength and Opportunities

The following factors serve as an example of some of the strengths and opportunities that the proposed fund may face. Each fund's circumstances will be different and applicants should not feel obliged to concentrate on or limit their analysis to only the factors mentioned below.

Possible strength/ opportunity factors could include but are not limited to the following:

- A competitive product offering, including the reasons for the proposed scheme being competitive.
- Comprehensive benefit offering.
- Effective risk management (e.g. capitation arrangements with managed care networks).
- Economies of scale.
- Member involvement.
- Quick hassle free claims turnaround as a result of type of systems to be utilized.
- Lower administration expenditure per member per month, compared to the current industry average.
- Stable risk pool due to younger, healthier members.
- Good investment strategy.
- Member communication.
- Compulsory membership.
- Advertising / branding.

2.2 Weaknesses and threats

The applicant should indicate how the Board of Trustees/steering committee plans to deal with those identified threats and weaknesses (i.e. risk mitigation plan).

Factors that could be a threat or even a weakness could include but are not limited to the following:

- Failure to attract sufficient members to grow the proposed new fund and increase the risk pool.
- Poor risk pool due to higher age profile of new members (high pensioner take-up).
- Deviation in expected average claims patterns.
- Higher take-up of members in low income categories than expected, if income based contribution structures are used.
- Dissatisfied members due to late claim payments.

- Failure to attract sufficient members to increase the size of the risk pool.
- Spiraling cost of medication and private hospital costs thus threatening the solvency and the viability of the proposed new fund.
- Potential or looming retrenchments in the industry where most of the prospective members of the fund operate (i.e. economic factors).
- Threat of HIV/Aids and other chronic diseases.
- Fraud and corruption.
- Poor investment returns.
- Quality of management information.

These factors merely serve as an example of what could affect the sustainability of a medical aid fund. Each fund's circumstances will be different and applicants should not feel obliged to only concentrate on or limit their analysis to the factors mentioned.

3. MARKET ANALYSIS

Projections should be made in terms of the proposed membership of the new fund, including the projections per benefit option.

The applicant should also indicate the target market (i.e. public servants, low income earners, professionals etc.) for the proposed new medical aid fund and indicate clearly where and how they intend obtaining such membership.

The applicant should submit at least the following consolidated information per option:

- Five-year forecast in terms of membership growth, including sensitivity testing.
- Average age of the beneficiaries, including the pensioner ratio.
- Geographical area of the projected members, if applicable.
- Projected average family size of the proposed members per option.

- If the proposed contribution tables differentiate between income bands, the applicant should indicate the number of members estimated per income band.
- If the fund's contribution tables do not provide for income bands, an indication of the salary income bands of the proposed target market should be provided.
- A detailed marketing and communication strategy which should also indicate the channels that will be used to communicate to its target market (i.e. employer group, trade unions, brokers etc.).
- Customer needs analysis.
- The applicant should compare the proposed new fund's target market to the industry and provide how the proposed new medical aid fund will be attractive to the proposed target market, compared to its competitors.
- The applicant should provide any letter(s) of intent by prospective employers, if applicable.

4. PRICING CONTRIBUTIONS STRATEGY

The applicant should provide details of its proposed contribution tables per option as well as the underlying assumptions used in the pricing of the contributions. The basis used for arriving at the monthly contribution rate charge should be stated clearly. The contribution tables should also be included in the rules of the proposed fund.

Option 1

The following table depicts an example of the contribution structure of income based option(s):

Income bands	No. of Members	No. of Adult dependent	No. of Child dependent
N\$0 - N\$1 000			
N\$1 001 - N\$3 000			
N\$3 001 - N\$5 000			
N\$5 000 plus			

Option 2

The following table depicts the contribution table for an option(s), with age based option(s):

AGE BASED			
Age Band	Member	Adult dependent	Child dependent
0 - 25			
26 - 30			
31 - 35			
36 - 40			
41 - 45			
46 - 50			
51 - 55			
56 - 60			
61 - 65			
66 - 100			

4.1 Affordability of contributions

Based on the fact that an option would be targeted at a specific income group, the applicant should further comment on the affordability of the new option in relation to the individual's income (e.g. x % of an individual's monthly income will go towards medical aid contributions). The applicant should also give an indication of how many members receive employer subsidies.

5. BENEFITS

The projected claims costs for each benefit option should be listed in the business plan on a per member / beneficiary per month basis, as well as a percentage of risk contribution income. The level of co-payments should also be disclosed.

Where the applicant intends to enter into any capitation arrangements, the applicant would be required to submit a copy of the proposed contract, as well as a detailed list of all services covered in the proposed agreement. The capitation fee to be paid should be justifiable i.e. clear value for money outline compared to industry peers and how this will benefit the members of the fund.

6. NON-HEALTH EXPENDITURE

The applicant should provide a detailed analysis of the non-health expenditure per benefit option, expressed as a percentage of risk contribution income and on a member/beneficiary per month basis. For example:

Total non - health expenditure	Option 1			Option 2		
	pmpm	pbpm	% of RCI	pmpm	pbpm	% of RCI
Administration expenditure						
Managed care services						
Broker fees						
Commercial reinsurance						
Impairment losses						
Other						
TOTAL						

*Pmpm - per member per month

*Pbpm - per beneficiary per month

*RCI - Risk Contribution Income

Details of other administration costs should also be provided. If administration costs exceed 10% of contributions, a clear explanation should be provided as to why the administration cost would be in excess of 10%.

The applicant should also provide a list of potential managed healthcare providers it will contract, detailing the services to be provided. Copies of the proposed contracts should also be provided.

7. RESERVE BUILDING

The applicant should indicate the extent to which the net operations will contribute to reserve building and clearly state how the proposed new medical aid fund will meet the following solvency requirements:

- 10.0% - during the first year after the fund was registered;
- 13.5% - during the second year;
- 17.5% - during the third year;
- 22.0% - during the fourth year;
- 25.0% - from the fifth year onwards.

Details of the fund's reserve management policy should also be provided.

8. RISK MANAGEMENT

Risk management is a key component of the fund management. A clear policy on how the proposed new fund plans to minimize its exposure to risk should be provided including the following where applicable:

- a. Risk transfer arrangements with managed healthcare providers where an element of risk is transferred to the provider or is shared between the new fund and the provider.
- b. Capping of claims payable to contracted providers in return for unlimited services to members, thus reducing exposure to high inherent claims risk.
- c. Details of reinsurance the applicant intend to enter into.

The applicant should provide full details of possible risk management tools to be implemented. Any proposed risk sharing arrangements should be supported by appropriate reasons for the implementation thereof.

9. FINANCIAL PLAN

The applicant should provide details of the financial projections of the overall proposed fund and per option. The projections should cover a period of at least five full calendar years.

Projections shall comprise of at least the following information:

- a. A detailed consolidated statement of comprehensive income per month.
- b. A detailed statement of comprehensive income per benefit option per month for the first year of operations.
- c. A detailed consolidated year to date statement of comprehensive income for a minimum of 5 years.
- d. Projected reserve level and solvency ratio for a minimum period of 5 years or up to the period when the fund expects to reach the required solvency margin should it be attained beyond year 5.
- e. Projected consolidated cash flow statement.
- f. Projected cash flow statement per month for the first year of operations.

10. INDEPENDENT REVIEW

The applicant may wish to seek the services of an expert to evaluate some aspects, especially with regards to the proposed benefit design of the proposed new medical aid fund. The evaluation sought must be addressed to the Board of Trustees of the proposed fund.

The person to perform an evaluation is not limited to an actuary and an evaluation can be performed by any person with the appropriate skills in statistics, health economics and actuarial science etc.

The evaluation shall at minimum report on the appropriateness and adequacy of the following:

- a. Contributions, taking into account the level of benefits offered by the proposed fund.
- b. The level of contribution to be utilized towards reserve building.
- c. The level of non-healthcare expenditure.
- d. Overall risks faced by the proposed fund and the extent to which the proposed fund is vulnerable or covered against these risks.
- e. Sensitivity analysis.



PROVIDENT INSTITUTIONS DIVISION

MEDICAL AID FUNDS AND FRIENDLY SOCIETIES DEPARTMENT

APPLICATION FORM FOR RULE AMENDMENT

I/We, the undersigned, hereby apply for the approval to amend the attached rules in terms of Section 31 of the Medical Aid Funds Act, No.23 of 1995.

SECTION A – DETAILS ON THE AMENDED RULE

- (a) Rule number.....
- (b) Reasons for amendment.....
- (c) Date of the Board’s resolution.....
- (d) Effective date.....

SECTION B – ATTACHMENTS

Please attach the following:-

- (a) Proof of payment
- (b) Rule to be amended
- (c) Signed Resolution by the Board
- (d) Special Report by the fund’s Valuator (if the amendment affects
the financial position of the fund applicable)

☐☐☐☐

SECTION C – DECLARATION

Applicant's declaration

We: _____

(Name of Medical Aid Fund)

- **Declare** that all the information and documents provided in this application are complete, and correct.
- **Understand** that the information and documents provided in this application form the basis of the application and can be relied upon.
- **Understand** that if any information in this application changes before and/or after this application is approved, we must immediately notify NAMFISA in writing of the changes.

(To be signed by the Principal Officer and the Chairperson of the Board of trustees.)

.....

Full Name

(Principal Officer)

.....

Signature

.....

Date

.....

Full Name

(Chairperson)

.....

Signature

.....

Date