



Reference: Standard Guidelines
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Circular 10 of 2025: Standard guidelines on the format of business plans submitted to the Council for Medical Schemes

The Council for Medical Schemes (CMS) would like to express its appreciation to the industry for making use of the standard guidelines when preparing submissions to the Office.

Stakeholder engagement

International Financial Reporting Standard (IFRS) 17: *Insurance Contracts* are effective for the financial year-ends beginning on or after 1 January 2023. Medical schemes were, therefore, required to make significant changes to their Annual Financial Statements (AFS) for the 2023 financial year.

The objective of management accounts is to provide timely and key financial and statistical information required by management for decision-making and performance monitoring. Therefore, performance monitoring per the management accounts needs to be aligned to performance reporting in the AFS in order to be relevant.

The same would apply to the scheme's business plans: the monitoring of performance per the management accounts needs to be comparable to the projections provided in the various business plans.

CMS has engaged stakeholders via [Circular 43 of 2024](#) on specific IFRS17 considerations. 17 responses were received.

- Remapping of line items
 - One self-administered scheme raised concerns on the allocation of administration expenditure between directly attributable insurance services expenditure (DAE), and non-DAE.
 - A number of the respondents raised concerns about the maturity of the IFRS17 journey.
- Mutual entity definitions
 - The majority of schemes were in accord that the amounts attributable to members should not be included in the insurance service expenditure for management account purposes.
- Onerous contracts
 - Seven schemes were of the opinion that distinction between current and non-current liabilities to future members will not enhance decision-making or performance tracking for management accounts purposes.

- Changes in claims provision
 - Only one scheme indicated that the manner in which its monthly incurred claims provision is calculated has changed to the best estimate.
- Introduction of risk adjustment for non-financial risk
 - Five schemes indicated that they will be incorporating a risk adjustment in their monthly management accounts. Upon further evaluation, it was clear that this represents the previous year's AFS balance being carried forward and only being adjusted again at year-end.
- Disclosure of Liability for Remaining Coverage (LFRC) and Liability for Incurred Claims (LIC) reconciliations
 - Only one scheme indicated that it would incorporate the LFRC and LIC reconciliations in its monthly management accounts.
- CMS has also requested stakeholder input on the proposed operational statistics via [Circular 20 of 2024](#). Only two responses were received: One self-administered scheme raised concerns on the allocation of administration expenditure between directly attributable insurance services expenditure (DAE), and non-DAE. (This is a different respondent from the survey undertaken in [Circular 43](#).)
- A respondent commented on the proposed relevant healthcare expenditure ratio: as the figure refers to net claims incurred (which excludes the mutualisation entry), the explanatory note that indicated that the figure excludes the amounts attributable to members, is superfluous.
- The same respondent raised a concern about the completeness of evaluating a scheme's operating expenditure when only considering the DAE figure and ratio.

Amendment of guidelines

The CMS has amended its guidelines to be more readily reconcilable to medical schemes' IFRS-complaint AFS. This would not only ensure comparability across the industry but also across the various submissions to CMS.

The outcome of the stakeholder consultation has been considered in the amendments.

As was noted in [Circular 6 of 2025](#) *General concerns noted during the analysis of the 2023 Annual Financial Statements and Financial Annual Statutory returns*, specific matters still require further stakeholder engagement as part of the IFRS17 journey:

- Order of liquidity
- The appropriate classification of investment income in the Statement of Cash Flows
- Transfers of contributions receivables and savings contributions from the LFRC to the LIC
- The split between DAE and non-DAE

The outcome of these future deliberations will be considered in the updates for the 2026 financial year's guidelines.

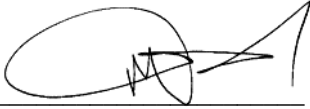
List of standard guidelines

The following updated standard guidelines can be accessed on our website:

- Guideline for the preparation of a business plan pursuant to an application for the registration of a new medical scheme as per Section 22 of the Medical Schemes Act ([click here](#));
- Guideline for the preparation of a business plan pursuant to an application for the registration of a new/restructured benefit option(s) as per Section 33 of the Medical Schemes Act ([click here](#));
- Guideline for the preparation of a business plan pursuant to an application for an amalgamation of medical schemes as per Section 63 of the Medical Schemes Act ([click here](#));

- Guideline for the preparation of a business plan where a medical scheme is not meeting the statutory solvency requirements as per Regulation 29 of the Medical Schemes Act ([click here](#));
- Guideline to the trustees for the submission of reinsurance contracts with registered insurers to the Registrar of Medical Schemes in terms of Section 20(3) of the Medical Schemes Act ([click here](#)); and
- Guideline for the preparation of Standard Management Accounts ([click here](#)).

Yours sincerely,



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Chief Executive and Registrar
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Dr Thandi Mabeba
Chairperson of Council
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