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NATIONAL HOSPITAL NETWORK

Company Registration No: 2007/005053/08

MEMBERSHIP POLICY AND PROCEDURE



1. Introduction

The NHN new member application policy and procedure is governed by the NHN Memorandum of Incorporation (MoI). This procedure is intended to ensure that a consistent approach is applied to all new member applications.

2. Memorandum of Incorporation (section 8)

“8. Members

The following persons may, in the sole discretion of the Board, be members of the Company:

- 8.1. *All persons, conducting a duly licensed and registered independent health care facility, which is owned, conducted or managed by a person other than a Government, Provincial or Local Authority or any Group that is not an independent health care facility, shall be eligible for ordinary membership of the Company;*
- 8.2. *All persons, conducting institutions which are in the opinion of the Board are not eligible for ordinary membership, however, in light of the fact that their special nature complies with some of the criteria of a private hospital, even if it forms part of the public sector, is eligible for associate membership;*
- 8.3. *Institutions wishing to apply for membership of the Company will make application to the Board in such manner, on such application form and on payment of such entrance fee as the Board shall from time to time prescribe;*
- 8.4. *Application for membership by institutions, other than the founding members, shall be recommended by the Board in accordance with the criteria for admission formulated by the Board, from time to time. The Board shall consider each application for membership and the directors shall decide and confirm whether the applicant is to be admitted to membership;*
- 8.5. *An institution that applies for membership in terms of 8.1 above, may be admitted to membership as an ordinary member for a calendar year, renewable annually if the Board is satisfied that it conducts an independent institution or associate member if it conducts an institution referred to in 8.2 above provided that:
 - 8.5.1. *The Board shall be entitled to refuse admission if the applicant’s membership was previously terminated in terms of 9 below and*
 - 8.5.2. *the Board is of the opinion that the conduct that gave rise to such termination of membership, still exists;**
- 8.6. *No independent institution will be admitted to membership unless:-
 - 8.6.1. *Where the institution was a member within the preceding calendar year, the annual subscription or the pro-rata portion thereof, depending on the date of commencement of that institution’s membership, which is due in respect of the said financial year, has been paid in full;*
 - 8.6.2. *Where the applicant was not a member within the preceding calendar year applies for membership before the amount of the monthly subscription for the current financial year has been determined, an amount equivalent to the full monthly subscription for the previous calendar year is paid in full, together with the entrance fee payable in terms of 8.3 above: provided that should there subsequently be a difference between the subscription amount so paid by the institution and the monthly subscription fee for the current year, the said amount shall be adjusted so as to equal the amount of the annual subscription for the current financial year;**



- 8.6.3. *Where an independent institution which was not a member within the preceding calendar year applies for membership after the subscription for the current calendar year has been determined, the monthly subscription fee for the current financial year, or pro-rata portion thereof, depending on the date of commencement of that institution's membership, is paid in full together with the entrance fee payable in terms of 8.3 above.*
- 8.7. *Membership of NHN shall be for a specific calendar year. Should a member terminate their membership during a calendar year the member will still be responsible for the membership fee due for the calendar year."*

3. Application Process

3.1. Stage one: Completion of the application documentation

- 3.1.1. All applicants are required to confirm that both the applicant and the applicant facilities are eligible for membership of the NHN as per our membership criteria listed below.
- 3.1.2. The following supporting documentation must be provided to NHN by ALL facilities. If no details can be provided due the fact that it does not exist, this must be confirmed explicitly.

3.2. Information required:

- 3.2.1. Department of Health Certificate/Department of health certificate of compliance
- 3.2.2. Department of Health's inspection report
- 3.2.3. PCNS Information sheet (BHF certificate)
- 3.2.4. BBBEE certificate
- 3.2.5. Certificate of Occupancy
- 3.2.6. Pharmacy Certificate – (only if the facility has its own pharmacy)
- 3.2.7. The Companies and Intellectual Property Commission ("CIPC") documentation confirming the registration and directorship of the company/legal entity.
- 3.2.8. A complete organogram of the applicant detailing the full name and surname as well as the identity number (ID) of all senior staff.
- 3.2.9. Details of all shareholders, trustees or members holding shares, trusteeship, a membership interest, or another interest in the applicant.
- 3.2.10. Details of all companies, trusts, closed corporations or legal entities in which any of the applicant entity or any of its directors, trustees, shareholders or members has or had an interest in.
- 3.2.11. Details of any other healthcare facility that any of the applicant entity's directors, trustees, shareholders, members or senior staff has or had an interest including details of those facilities' practice numbers irrespective of whether or not such facilities are still operational or not.
- 3.2.12. Details of all specialists, general practitioners or dentists with admission privileges at the facility together with their proof of registration with the HPCSA and their BHF practice numbers (see attached excel spreadsheet).



- 3.2.13. A copy of your facility's admission privileges policy.
- 3.2.14. Details of all service providers such as psychologists, physiotherapists, occupational therapists, dietitians, speech therapists together with practice numbers (see attached excel spreadsheet).
- 3.2.15. Any outcomes of assessment for funding conducted by Medical Aid Schemes and/or Administrators.
- 3.2.16. Details of any investigations conducted by a Medical Aid Scheme or Administrator on a facility where any of the applicant facility's directors, trustees, shareholders, members or senior staff has or had an interest in as well as the outcome thereof.
- 3.2.17. Practice 55 Facilities: Defined minimum standards for psychiatric facilities: There are defined minimum requirements that must be met by all psychiatric facilities, in line with the Medical Schemes Act and the Mental Health Care Act as well as the Psychiatric subgroup. The Psychiatric subgroup which represents psychiatric hospitals and facilities. In terms of the relevant provisions in law, the following services must be available in a psychiatric facility:
 - 3.2.17.1. Full-time psychiatrist services: An exception to this rule will only be considered with strong motivation.
 - 3.2.17.2. Full-time services by clinical and/or counselling psychologists and/or neuropsychologists: No part-time services will be acceptable.
 - 3.2.17.3. A dedicated psychiatric facility: This can be either a free-standing psychiatric hospital or psychiatric ward in a general/sub-acute hospital.
 - 3.2.17.4. A functional interdisciplinary team: This includes psychiatrists, clinical psychologists, counselling psychologists, occupational therapists, physiotherapists, social workers and psychiatric nurses available on a full-time basis. Other medical services, including a dietitian may be available on a part-time basis. Kindly provide us with a treatment programme.
 - 3.2.17.5. Practice 55 Facilities that offers Addiction Treatment are required to supply us with a Department of Social Development Permit/Social Welfare Certificate and a Treatment Programme for Substance Abuse.
- 3.2.18. Practice 49 Facilities: Defined minimum standards for sub-acute facilities: There are defined minimum requirements that must be met by all sub-acute facilities, in line with the Medical Schemes Act. The sub-acute subgroup which represents sub-acute facilities. In terms of the relevant provisions in law, the following services must be available in the facility:
 - 3.2.18.1. Full-time medical services: An exception to this rule will only be considered with strong motivation.
 - 3.2.18.2. Full-time services by core service providers: No part-time services will be acceptable if physical rehabilitation services are rendered.
 - 3.2.18.3. A dedicated sub-acute facility:
 - 3.2.18.4. A functional interdisciplinary team: This includes occupational therapists, physiotherapists, social workers, speech therapist and nurses available on a full-time



basis. Other medical services, including a dietitian may be available on a part-time basis. Kindly provide us with a treatment programme.

3.2.18.5. Psychiatric services within a sub-acute facility: Must also comply with all psychiatric requirements as stipulated in 3.2.17.

3.3. Stage two: Application initial internal assessment

NHN commences with industry investigation and to enable same the applicant hereby:

3.3.1. Gives NHN irrevocable permission to confirm the good standing of the applicant within the medical scheme, administrator and clinical community and credit bureau. Medical schemes and/or Administrators will be approached for comment on the reputation and standing of the Applicant facility and their feedback will be taken into consideration in view of the application. They will also be required to comment on any investigations or billing related concerns they may have.

3.3.2. The Applicant acknowledges that NHN is required to provide Medical Schemes and/or Administrators sufficient notice (which could take up to three month's) for them to consider and load the Applicant's membership and pay the NHN negotiated tariffs should their application be successful.

3.4. Stage three: NHN Board Review

3.4.1. The Applicant hereby consents that a director of the NHN Board/NHN officer shall visit the Applicant facility within 6 (six) months.

3.4.2. In the event that the NHN Director is unavailable within a reasonable time to do an inspection, membership may be granted based on information provided, and a Directors' visit may be scheduled within 6 (six) months period of such approval. Any delay in this inspection will not delay the membership application process.

3.4.3. Once the physical inspection is complete and NHN has completed a report, the Applicant member will be informed about the results, conditions or otherwise of the application and the commencement date of full membership.

3.4.4. During this process NHN will endeavour to ensure that any Director appointed to perform such inspection shall not be a direct competitor with the applicant. Such inspection will as far as possible be performed by someone with no conflict of interest and with due consideration to the intellectual property and appropriate confidentiality sensitivities of the applicant.

3.5. Stage four: Final approval process

3.5.1. Should the application be successful the Applicant shall be afforded provisional membership and the required fees will be levied and require to be paid by the provisional member.

3.5.2. Application for membership is at the sole discretion of the Board and the application will after completion of stage 2 be presented to the Board.

3.5.3. The Board is not obliged to furnish reasons for an unsuccessful membership application and the



application with all supporting documentation will be considered and evaluated.

3.5.4. Board meetings are every four months. If the next Board meeting is further away than three weeks the decision will be requested on a round robin basis.

3.5.5. Membership applications are reviewed at closed NHN Board meetings. Only complete original applications with all the required supporting documents are presented. The Applicant is thus required to produce all necessary supporting documentation. In the event that all supporting documentation is not provided the application will be considered as being incomplete and may be summarily rejected.

3.5.6. The Board will then either approve or reject the application.

3.5.6.1. The Board approval process may take up 4 (four) to 6 (six) weeks from the satisfactory receipt of all compliance documents.

3.6. **Stage five: Finalisation of application**

3.6.1. Successful applicants whose membership is approved by the board must sign all the membership terms and conditions, documents and contracts in order to finalise and confirm their membership as applicable.

4. **Membership criteria**

4.1. The Applicant must have and maintain for the full duration of being a NHN member a current valid licence issued by the Department of Health (DoH) and a valid Practice Code Numbering System (PCNS) information sheet.

4.2. In the event that a member does not have a current valid licence from the DoH, the member is required to notify the NHN offices immediately of this and what the reasons are for not having a valid licence.

4.3. Failure to comply with this clause and for not having a valid DoH licence will result in the applicant's membership being terminated.

4.4. The Applicant's Facility may not be owned or managed by Government, Provincial or Local Authority.

4.5. No listed hospital group may own shares directly or indirectly in any applicant or member. The Competition Commission exemption granted to NHN (which enables NHN to negotiate fees and tariffs on behalf of all of its members), is conditional upon NHN Member Facilities being 100% independently owned with no listed group membership or administration.

4.6. The member hereby confirms that none of the listed hospital groups have shareholding in their facility/ies.

5. **Terms and conditions of membership**

5.1. **Membership fees**

5.1.1. Membership fees are based on a calendar year and are payable on a monthly basis. Payment by debit order is the preferred method of payment.

5.1.2. If a member resigns or if his membership is terminated for any reason within the course of the year, the full year's membership will remain due and payable as per the provisions of the NHN



Memorandum of Incorporation.

- 5.1.3. The current membership joining fee is R7206.00 excluding VAT which may change from time to time at the Board's discretion and is payable on confirmation of membership.
- 5.1.4. In addition, the current monthly fee of R100.95 excluding VAT is charged per registered bed per month.
- 5.1.5. Facilities with 10 (ten) beds or less are obliged to pay the minimum fee of 10 (ten) beds.
- 5.1.6. The NHN Board reserves the right to review the membership fees from time to time.
- 5.1.7. The member agrees to switch all their claims electronically and to sign all required documentation to secure the confidentiality and process as prescribed by the NHN as well as any other documentation or agreements reasonably required by the Board.
- 5.1.8. A yearly increase in membership fees is applicable on the 1st of July of each calendar year.

5.2. Change of ownership structure

- 5.2.1. In the event of any non-disclosed shareholder purchasing shares in the member hospital such sale of shares must be disclosed to the NHN board immediately.
- 5.2.2. Continued membership of the member of NHN is subject to NHN Board approval.
- 5.2.3. Should a member sell a portion of the ownership of the facility or the total ownership of the facility to any one of the three major hospital groups, the member's membership shall automatically terminate on the conclusion and/or signing of the sale agreement at which point the member must immediately notify NHN of such sale and settle the outstanding year's membership fees should any still be due.
- 5.2.4. Should any member embark on a process of concluding a sale or possible sale as contemplated in clause 5.2.3 hereof, it shall ensure that in those deliberations and in any discussions pertaining thereto that any contract between NHN and any funder is not disclosed to any member of a hospital group or its professional advisors at any time and also not pursuant to any due diligence investigation.

5.3. Tariffs and Negotiations

- 5.3.1. The NHN member hereby agrees and abides by the terms and conditions to be undertaken presently and in the future between NHN and the respective Medical Scheme/s and/or aforesaid Scheme's Administrator/s.
- 5.3.2. The NHN member hereby consents to be bound by the terms and conditions of the NAP margin transfers in respect of the billing of surgicals. The NHN member further agrees to utilise the iQest price file prices as the billing prices and abstain from any rebate negotiation in and during the procurement process.
- 5.3.3. NHN undertakes pursuant to its exemption status annual negotiations with medical schemes and funders as regards tariffs. Such funders often prescribe reporting, switching or other requirements that NHN is required to subscribe to. NHN in addition extracts anonymous data from submissions to facilitate negotiations.



- 5.3.4. The NHN member may annually opt-out of tariff negotiations before tariff negotiations commences. This must be submitted in writing on or before the 30th September of each year and confirmed by the board/CEO in writing.
- 5.3.4.1. Once you have opted out (as envisaged in 5.3.3.) to such negotiations you will be bound by the decision for the full duration of that year in which you have opted out. Changing your decision to opt out at a later stage will only be valid after board disclosure has occurred and your “opt out” status has been approved by the Board and communicated to all funders.
- 5.3.4.2. Should you opt into the annual negotiations and thereafter elect to stay opted in for the year you will be required for the period that you opt in to subscribe or agree to electronic switching, anonymous data extraction, use of an appointed switching house that may vary from time to time, as well as stringent confidentiality requirements and submit data as requested from time to time to market and provide to schemes as requested.
- 5.3.5. The NHN member hereby consents to remove all of the NHN tariff information from its IT system immediately upon resignation from NHN. Further, the NHN member agrees not to disclose, share, or transfer any of the NHN tariff information and/or any intellectual proprietary information relates to NHN to any third party whether as an existing member or ceased to be a member. Documentary proof of the above shall be required.
- 5.3.6. No NHN member may negotiate hospital tariff rates outside of the NHN without the prior written consent of the Board of Directors of NHN as per the provisions of the Opt-out status.

5.4. Switching of claims

- 5.4.1. It is a condition of membership of NHN that payment claims should be submitted through the NHN approved switch (currently Medikredit).
- 5.4.2. Further, members must give NHN permission to extract data that we may require and rework such data to assist Medical Aid negotiations and to enhance NHN’s understanding of its market for the benefit of all Members.
- 5.4.3. The NHN tariff information is available on the NHN Web Portal currently administered by Medikredit. It is the members responsibility to ensure that they are updated in this regard.

5.5. Marketing, publicity, data collection and ancillary

- 5.5.1. The Applicant undertakes to purchase a NHN Membership plaque (a quote will be provided for printing and courier service once the application is approved).
- 5.5.2. The member agrees to display the membership plaque in their reception area. The member undertakes to remove the membership certificate immediately upon resignation or termination of their NHN membership.
- 5.5.3. The Board may embark on one-off marketing/data collection or lobbying projects from time to time. The Board may levy additional fees to fund such projects.



5.6. Conflict Resolution

The applicant agrees that should any dispute arise as regards this application procedure or the approval or conditional approval or refusal of membership the applicant agrees irrevocably to the following procedure:

- 5.6.1. A joint meeting between a representative of NHN and the applicant in a bona fide attempt to settle the dispute.
- 5.6.2. Thereafter to use any remedy at their disposal.

6. General

- 6.1. The member, in the case of a juristic person binds itself or in the case of a natural person binds himself/herself personally, as well as his/her or it's, hospital/clinic or whichever the case may be to the provisions of the NHN Memorandum of Incorporation which may be amended by the Board from time to time and warranty that the representative that signs this application is duly authorised to complete the application for membership and to join NHN for an on behalf of the applicant.
- 6.2. The NHN Memorandum of Incorporation can be obtained from the NHN offices and the Applicant acknowledges that their membership is governed by such document.
- 6.3. It remains the responsibility of all NHN members to familiarise themselves with the additional registration processes required by Medical Aid Schemes and/or Administrators relating to registration of banking details for purposes of reimbursement of claims submitted, linking practitioners and/or any other registration requirements.
- 6.4. The applicant hereby and by signing this application acknowledges that he is familiar with and accept the conditions of NHN membership as imposed on NHN and its members by the Competition Commission of South Africa.