



Members Health Funds Alliance

Why our funds are different.

November 2019



Putting members' health before profit

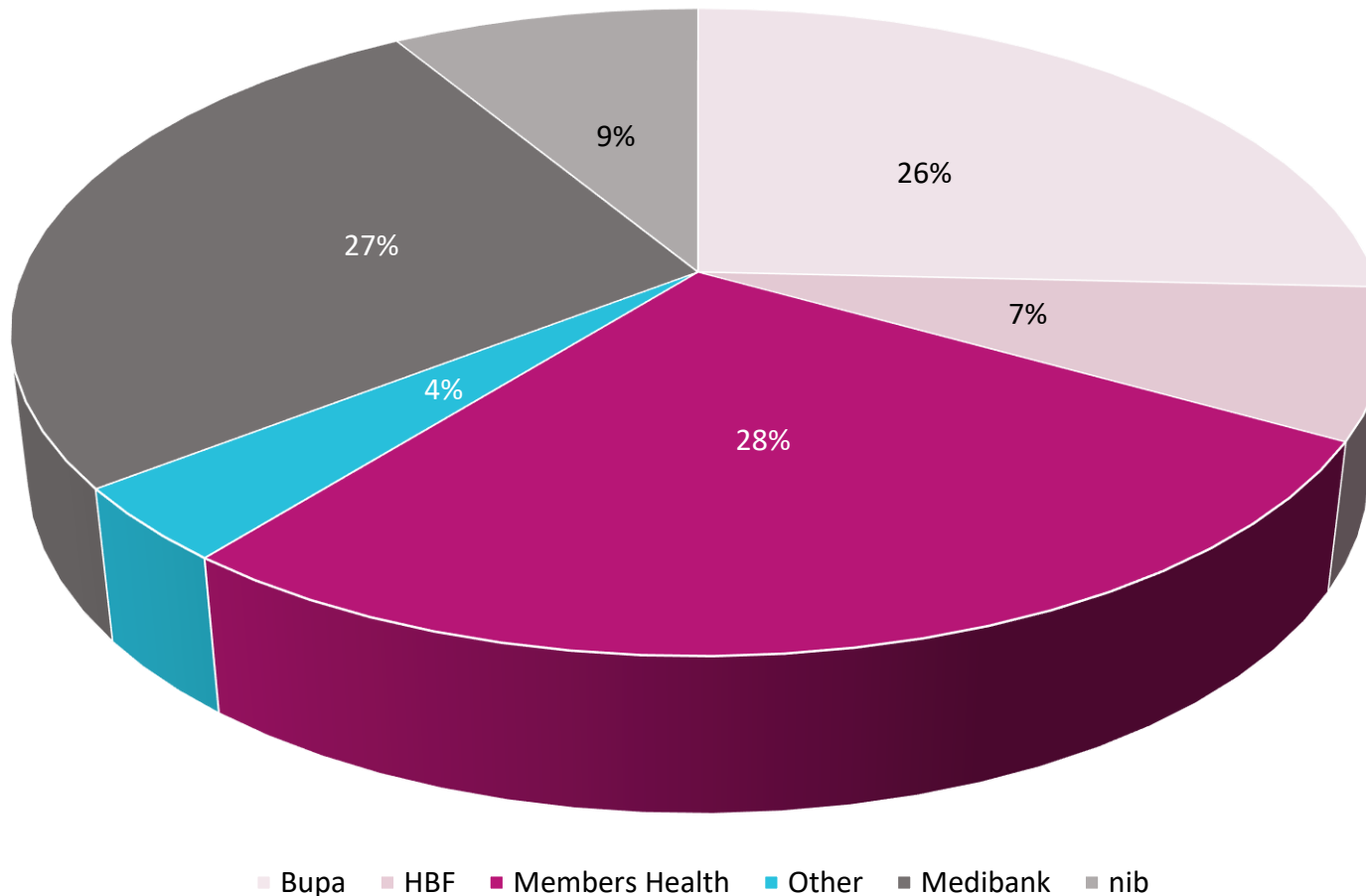
The key difference

For people, not for profits

- Our funds make up 27 of Australia's 37 registered private health insurers and share one or more of the following attributes; they are part of a not-for-profit group, member owned, regional and community based. Combined, Members Health funds cover around 3.7 million Australians.
- Our funds provide a highly valued service to key communities and industry groups, including military families, teachers, police, nurses and midwives, transport, mining and doctors. Regional centres in which Members Health insurers are headquartered include Townsville, Lithgow, Wollongong, Newcastle, the Latrobe Valley, Launceston, Burnie and Mildura.
- Official and independently sourced data consistently point to Members Health funds as the success story of the health insurance industry.
- As a group, they offer highly competitive products (especially in the Gold-tier hospital category), they consistently achieve excellent customer service ratings, experience average policyholder growth far greater than the rest of the industry, and have high policyholder retention rates.
- On average, Members Health funds operate on narrow margins. They are run to benefit members, not to generate profits or dividends for shareholders or overseas investors.

PHI Industry snapshot

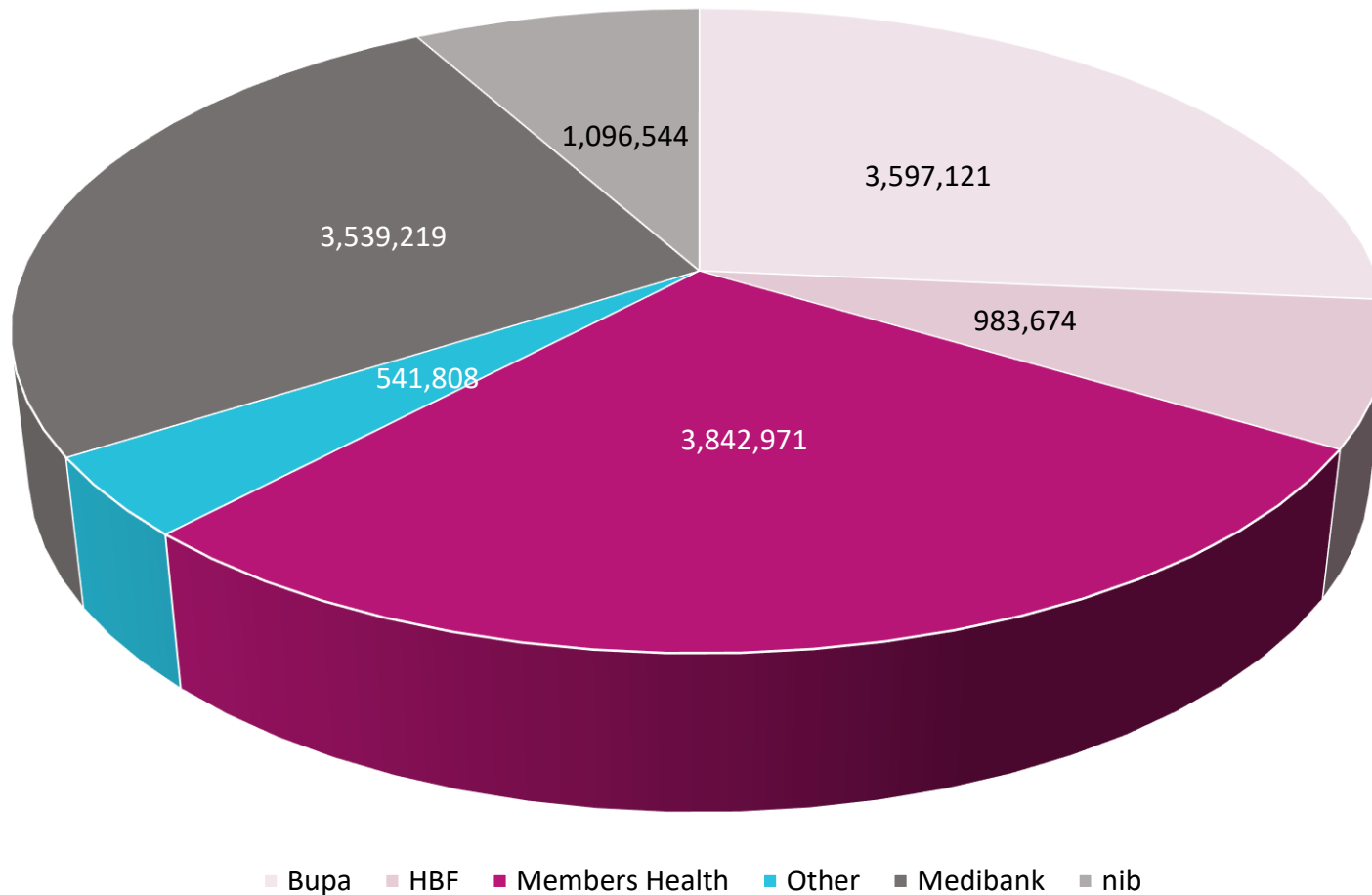
Private Health Insurance market share by policies 2019



Source APRA: <https://www.apra.gov.au/operations-of-private-health-insurers-annual-report>

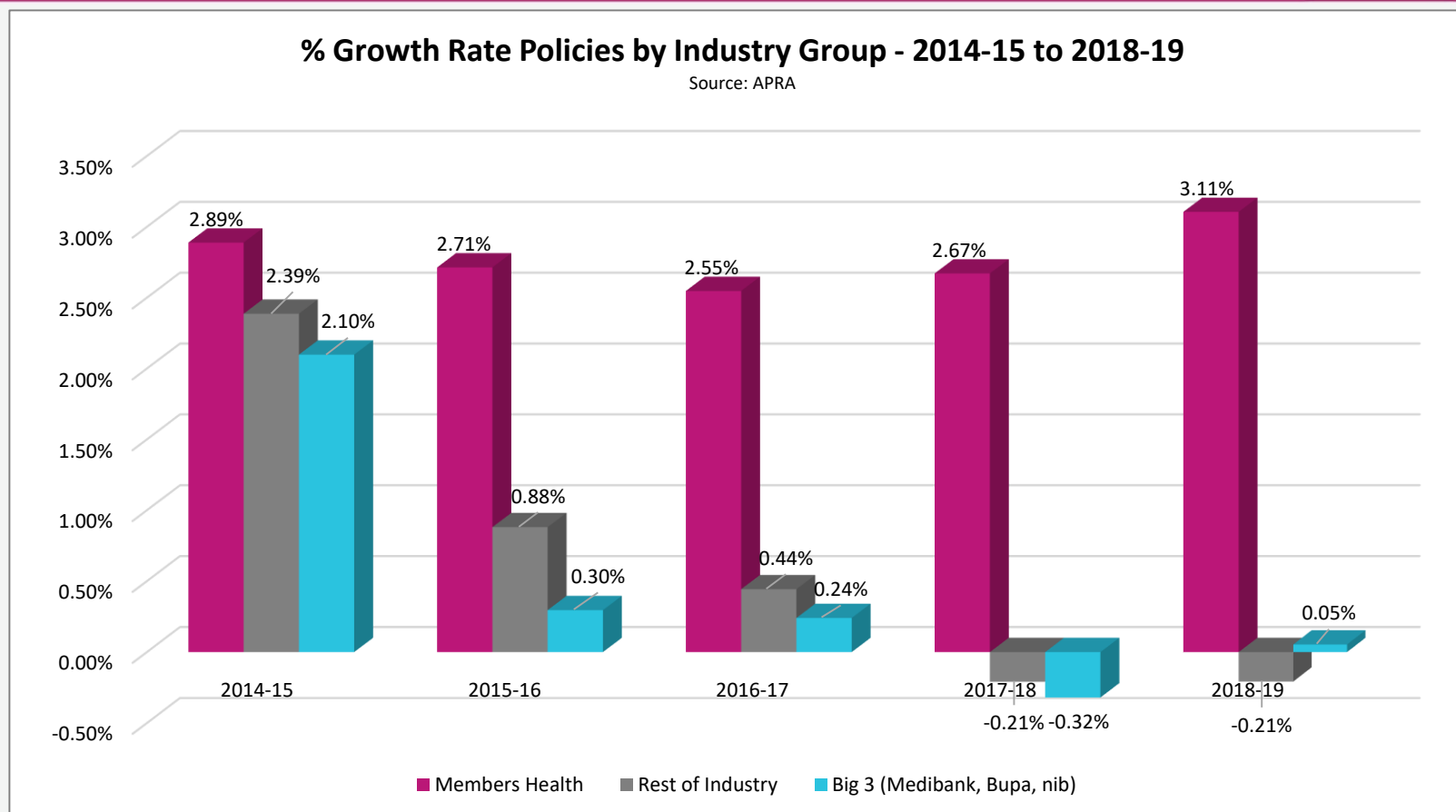
PHI Industry snapshot

Private Health Insurance market share by policies 2019



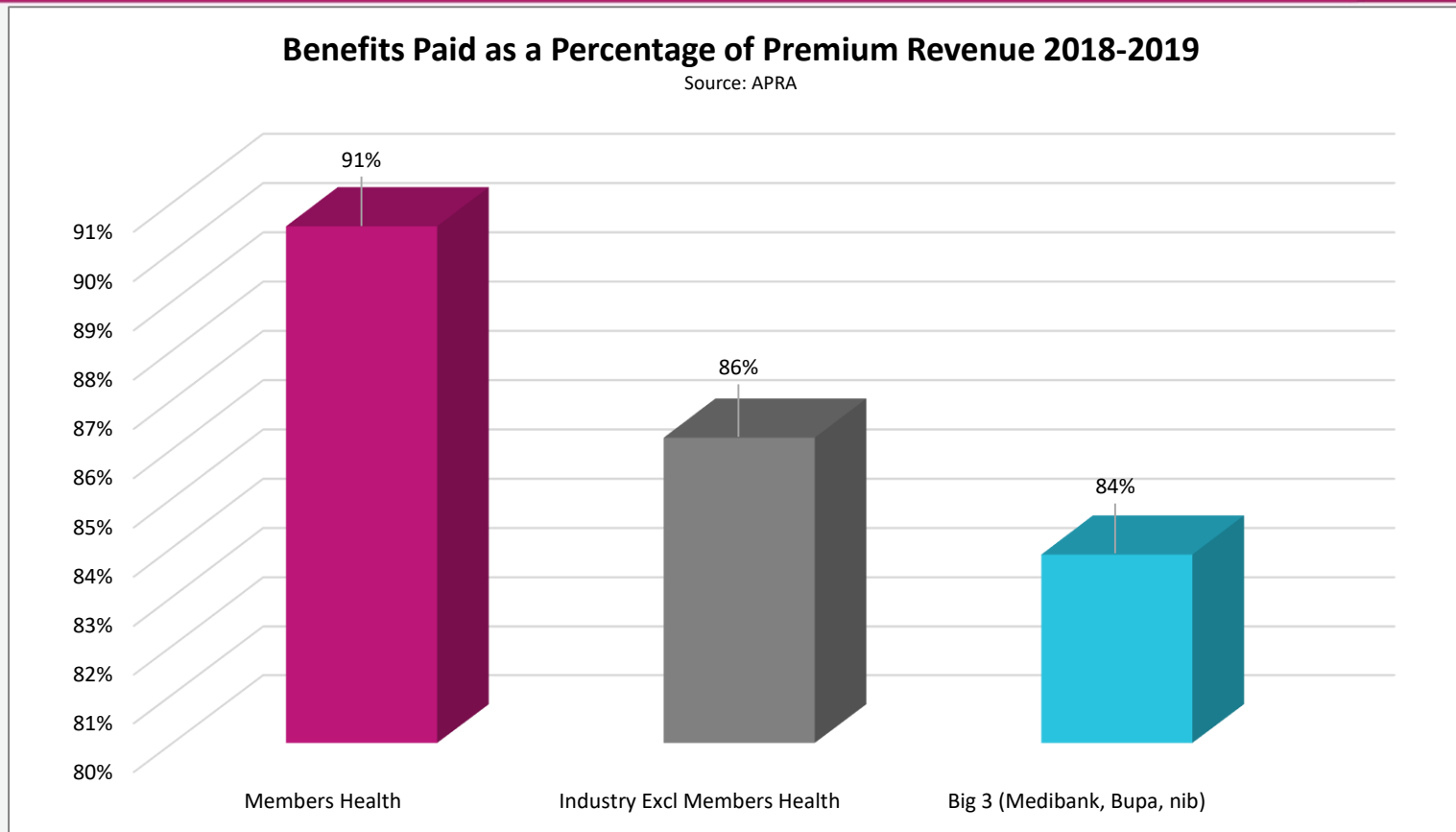
Source APRA <https://www.apra.gov.au/operations-of-private-health-insurers-annual-report>

Higher growth than industry average



Policyholder growth consistently well above the industry average, highlighting that consumers recognise the value proposition of the not-for-profit, member owned and community based health insurers. Source APRA <https://www.apra.gov.au/operations-of-private-health-insurers-annual-report>

Delivering value to consumers



Source APRA: <https://www.apra.gov.au/operations-of-private-health-insurers-annual-report>

The not-for-profit, member owned and community based health funds exist to serve members, they do not need to generate profits for shareholders or overseas investors. This means they can run on very narrow margins and return more of the premiums paid back to policyholders as benefits.

Delivering value to consumers

Our funds operate on slim – even negative net margins to give more back to policyholders

Fund	Net margin	% of industry
Medibank	8.1%	27%
Bupa	6.1%	26%
NIB	6.9%	9%
Members Health funds average	2.4%	28%

Excludes newly established health funds: CBHS Corporate, Emergency Services Health, MyOwn Health and Nurses and Midwives Health. Including these funds would further reduce the Members Health average net margin to almost -8%.

Delivering value to consumers

The not-for-profit, member owned business model allows our funds to offer very competitively priced policies.

The median cost of a Members Health fund Gold policy with no excesses, restrictions or exclusions is around 9% less than that of Medibank.

Median includes all Members Health funds that offer Gold cover, no excess, no restrictions or exclusions. Based on NSW policy prices August 2019 via: www.privatehealth.gov.au

Fund	Family Policy (NSW, Gold cover, no excess, no restrictions or exclusions)	Cost
Medibank	Complete Hospital (Gold)	\$6,236
Bupa	Top Hospital Cover (Family) (Gold)	\$6,290
Members Health funds	Median cost of Gold policy	\$5,703

If a \$500 excess is applied then the difference in the median cost between Members Health and NIB is around 24%. NIB do not presently offer a Gold policy with no excess.

Median includes all Members Health funds that offer Gold cover, with a \$500 excess, no restrictions or exclusions. Based on NSW policy prices August 2019 via: www.privatehealth.gov.au

Fund	Family Policy (NSW, Gold cover, \$500 excess, no restrictions or exclusions)	Cost
NIB	Top Hospital \$500 Excess (Gold)	\$6,386
Members Health funds	Median cost of Gold cover policy	\$5,165

Customer satisfaction: Our funds are liked

Members Health funds consistently experience high levels of customer satisfaction.

Our annual Discovery Research customer satisfaction survey has been running for the past 12 years, it receives responses from thousands of our funds' customers, and is conducted independently.

Overall Customer Satisfaction of Members Health's funds	
Overall, how satisfied are you with your health fund membership?	2019: 96% satisfied, 17,773 responses received from participating funds.

Discovery Research annual Members Satisfaction survey: <http://membershealth.com.au/members-health-funds-achieve-96-customer-satisfaction-score/>

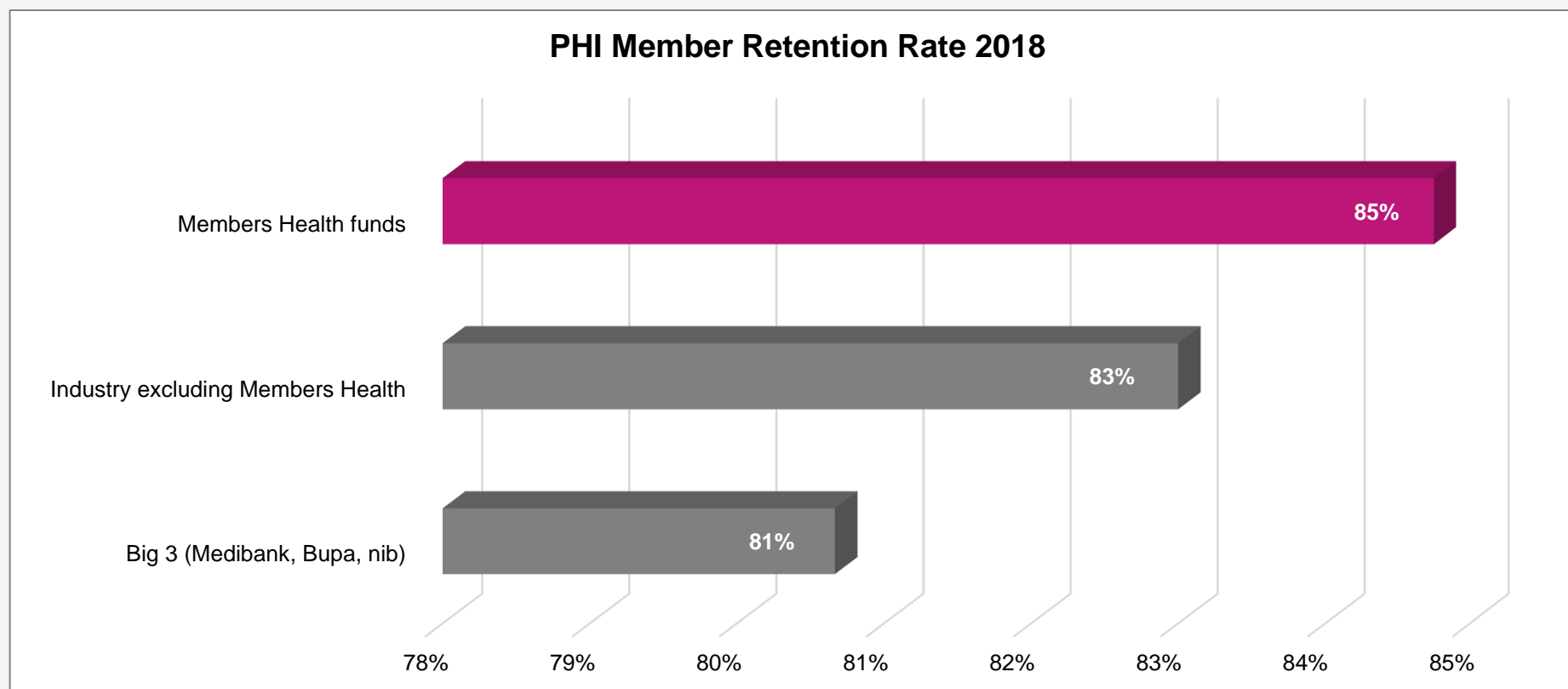
Net Promoter Scores		
Medibank	-24	
Nib	-22	
Bupa	-14	
Participating Members Health funds	2018: +38.1	2019: +42.2

Members Health based on Discovery Research 2018 and 2019, others based on Alphawise/Morgan Stanley October 2017

Our members are loyal

High rates of customer retention with Members Health funds

As a group, Members Health funds record customer retention rates significantly higher than the industry average, further highlighting the strong customer performance of our funds.

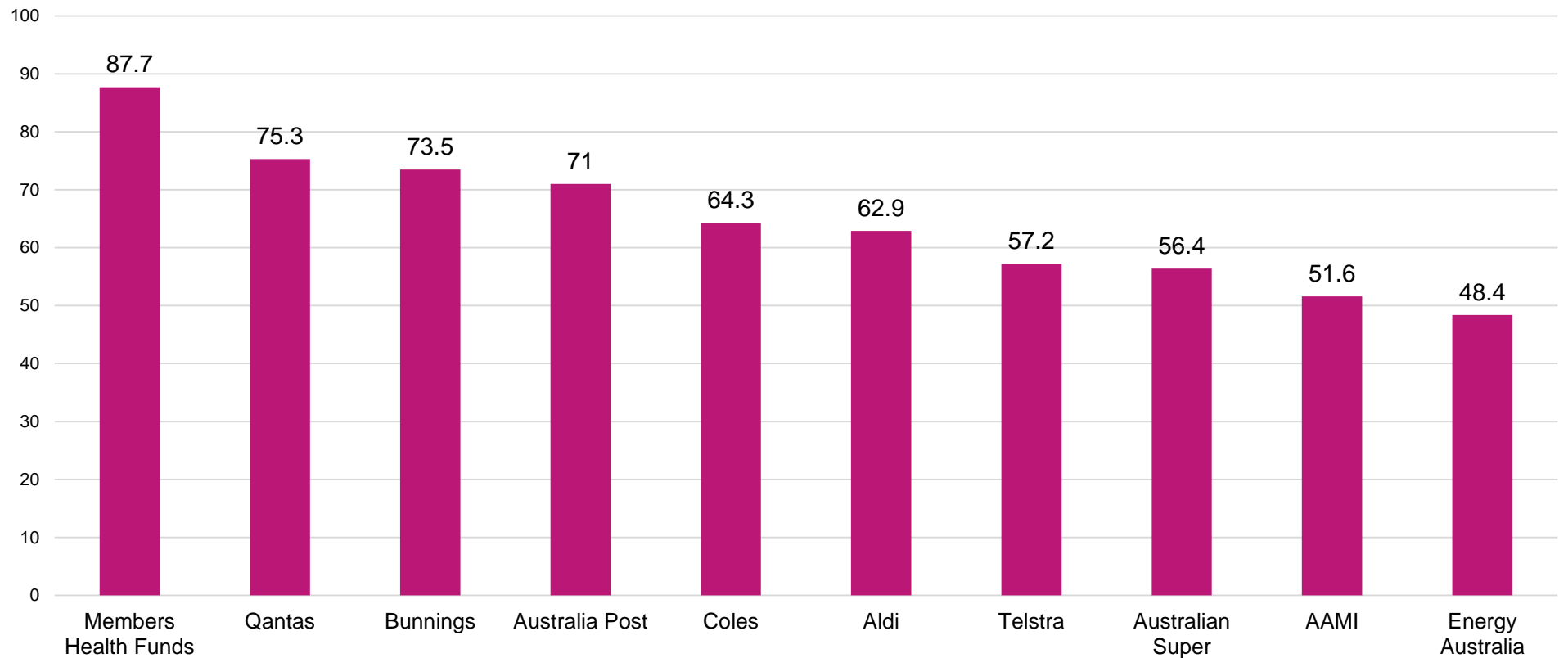


Source: PHI Ombudsman State of the Health Funds Report (Based on fund memberships for two years or more)
<https://www.ombudsman.gov.au/publications/reports/state-of-the-health-funds/all-reports/docs/2018-state-of-the-health-funds-report>

What's more important than trust?

Members Health Trust Survey Results - 2019

We asked our health fund members how much they trust their health fund, relative to their trust for other leading Australian companies and brands.



Discovery Research Trust Survey 2019: <http://membershealth.com.au/when-it-comes-to-trust-members-health-funds-are-in-a-league-of-their-own/>

Our Funds

rt health
FUND

EMERGENCY
SERVICES
HEALTH

Peoplecare

ACA
HEALTH
BENEFITS FUND

NAVY HEALTH

CBHS
CORPORATE HEALTH

WESTFUND
HEALTH
Insurance

Queensland
COUNTRY
HEALTH FUND

TUH
It's my health fund

Mildura
HEALTH
Fund

HCF

Australian
Unity

healthcare
insurance

stlukeshealth

Police Health

TEACHERS
HEALTH
We're for teachers

rbhs
reserve bank health society
simply better benefits

Phoenix
Health Fund

doctors
health fund
an UAvant company

hif

HUNTER
HEALTH
INSURANCE
BENEFITS FUND

Phoenix
Health Fund

Health
Partners

CBHS
HEALTH FUND

NURSES
MIDWIVES
HEALTH
Caring for the carers

Latrobe
HEALTH SERVICES

Defence
Health

Territory
HEALTH FUND

cua
Health

Members Health
FUND ALLIANCE