

MEDIA RELEASE

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COVID surpluses to benefit policyholders of not-for-profit and member owned health funds

Over 3 million Australians who have private health insurance with a Members Health fund will benefit in the form of reduced premiums and better health benefits should unexpected COVID-19 surpluses materialise.

Members Health Fund Alliance CEO, Matthew Koce said that funds owned and run by members for members, will pass on any financial gains from postponement of elective surgeries and extras medical procedures to policyholders.

“Because they are not-for-profit or part of a member-owned group, Members Health funds don’t serve shareholders or overseas investors. That means, as a group, the Members Health funds return more of the premium dollar back to policyholders and operate on narrower margins. Any profits generated above what the fund needs to operate, goes back to the members through lower premiums and better health benefits,” said Mr Koce.

Danielle, 32, works two part-time jobs and is one of the 3.7 million Australians with a private health insurance fund that puts ‘people over profits’.

“I’ve always had private health insurance. My father is a former employee of the Commonwealth Bank, so we have always been with CBHS,” said Danielle.

“In the space of 48 hours in March, I lost both my part-time jobs. My whole income was instantly gone due to COVID-19 restrictions. I have a medical condition that requires regular chiropractor visits and surgeries every couple of years, so giving up my private health insurance wasn’t an option,” she added.

“Certainly, there was a moment of panic. I had some backup savings, but we didn’t know how long this would go for. And I knew that if I kept using my savings, it was eventually going to run out.

“My health fund had contacted me about financial hardship options for members. I applied and that same evening received an email saying I had been approved. This meant that I had three months of premium relief, with the possibility of extending this for another three months if my situation is still impacted then. I had been so stressed that I just burst into tears. It was a massive relief.

“If I didn’t have private cover, I would have to go into the public system where it is generally an 18 to 24-month wait for surgery, even after seeing a doctor.”

Members Health is the peak industry body for an alliance of 27 health funds that are not-for-profit (NFP) or part of a member-owned, regional or community-based group. Some of the funds in the alliance are open to everyone, while others serve important industry groups, such as teachers, police, military families, transport, emergency services, doctors, nurses and health care workers.

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Putting members’ health before profit

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NFP and member owned health insurers are bucking the sector's downward trend, recording year on year growth three times faster than the rest of the private health industry.

“The growth is led by younger people who are increasingly attracted to our member's health over profit philosophy. Members Health funds give more in the premium dollar back in benefits. That is because they are not listed on the stock exchange or owned by overseas interests. They have a very stable and reliable business model that always puts people first,” said Mr Koce.

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About Members Health

Members Health is the peak industry body for an [alliance of 27 health funds](http://membershealth.com.au/) that are not-for-profit or part of a member owned group, regional or community based. They all share the common ethic of putting their members' health before profit. Our funds represent the interests of more than 3 million Australians. <http://membershealth.com.au/>

Private health insurance in Australia – fast facts & stats

- 13.5 million Australians have private health cover.¹
- NFP or member owned health funds make up nearly one-third of the market.¹
- NFP or member owned health funds are growing at more than 3 times the rate of the rest of the private health industry.¹
- There were more than 11 million admissions to hospitals; 6.7 million in public hospitals and 4.5 million in private hospitals.²
- 42% of hospital admissions in Australia are funded by private health insurance.³
- 2.3 million Australians are admitted for surgery in hospitals each year; 40% occur in private hospitals.²
- 60% of elective surgery (1.283 million admissions) are funded by private health funds⁴
- In 2017–18, an estimated \$185.4 billion was spent on health goods and services in Australia.⁴
- Compared to the large for-profit funds (Medibank, Bupa & nib), Members Health funds have:
 - Higher customer growth (+3.1% compared to -0.05%)¹
 - Lower profit margins (2.4% compared to 6.9-8.1%)¹
 - Lower premiums (9-24% cheaper)⁷
 - Higher benefits paid (91% compared to 84%)¹
 - Higher customer retention (85% compared to 81%)⁶
 - Higher customer satisfaction (96%)⁵

¹ APRA 2019: <https://www.apra.gov.au/operations-of-private-health-insurers-annual-report>

² AIHW 2019, Admitted patient care 2017–18: Australian hospital statistics. Health services series, cat. no. HSE 225

³ AIHW 2019. Hospitals at a Glance. <https://www.aihw.gov.au/reports/hospitals/hospitals-at-a-glance-2017-18/contents/hospital-funding-and-expenditure>

⁴ AIHW 2019. Health Expenditure Australia 2017-18. Health and welfare expenditure series no.65. Cat. no. HWE 77. Canberra: AIHW

⁵ Discovery Research 2019 Members Satisfaction survey:

<http://membershealth.com.au/members-health-funds-achieve-96-customer-satisfaction-score/>

⁶ 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>

⁷ Based on NSW policy prices August 2019: www.privatehealth.gov.au

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