

MEDIA RELEASE

Australia's peak body for member-owned and not-for-profit health insurers, hirmaa, has welcomed the Australian Government's announcement that the sale of Medibank Private will proceed.

"The sale of Medibank Private will help contribute to improved competition and choice when it comes to health insurance", hirmaa CEO Mr Matthew Koce said.

"At the end of the day, the decision to sell Medibank Private through an IPO will benefit consumers, the private health insurance industry and the broader economy. It is a win-win for everyone."

Mr Koce endorsed the IPO and 15% share-holding limit, noting that this sale method would help preserve and hopefully enhance competition in the industry – the most important consideration for the sale.

"Maintaining competition is crucial, we therefore also welcome the Government's moves to minimise competitive distortions by ruling-out preferential share arrangements for Medibank Private members."

There are currently 34 private health insurers operating across Australia, ranging from the very large to very small, with regional, restricted, for profit and not-for-profit funds.

"With this range of competitors, the market is highly dynamic and so the case for a government owned private health insurer is very tenuous", said Mr Koce.

"The sale of Medibank Private will therefore resolve a potential conflict of interest with the Federal Government owning a for-profit private health insurer whilst also being responsible for the industry's regulation."

"We believe that the sale of Medibank Private is in the best interests of the community and will help unlock much needed capital that can be invested elsewhere to the benefit of all Australians."

hirmaa is the peak industry body for seventeen private health insurers which are member-owned and not-for-profit. In all, the hirmaa funds provide private health insurance for approximately one million Australians.

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