

MEDIA RELEASE

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Healthy ‘people over profit’ funds defy sector decline

Members Health funds have continued to defy declining participation trends seen across the rest of Australia’s private health insurance industry.

Analysis of data released by APRA this week showed that together, the 27 Members Health funds have kept expanding their memberships – especially with younger, healthier Australians.

Over the 12 months to June 2020, Members Health funds recorded an increase of 17,628 people aged under 40 with hospital cover, while the rest of the industry saw a decline of 85,277. Over the four years to June 2020, those figures more than trebled: across the Members Health group, the number of under 40s with hospital cover grew by 56,200 persons while the rest of the industry fell by 343,900.

Accounting for all age groups, those figures widened even further. Members Health funds have 270,000 more people insured on hospital treatment policies today compared with June 2016. The rest of the industry has 400,000 fewer.

Member Health CEO, Matthew Koce, said it was proof that consumers were actively seeking out insurers that put people over profits, especially at a time when value in private health is on many peoples’ minds.

“There’s no doubt that the COVID-19 crisis has stepped up pressure on all insurers to provide value to their members. That’s why it is especially pleasing to see Members Health funds rising to the challenge, growing their memberships with great value cover and fast access to high-quality care,” said Mr Koce.

“The difference between the not-for-profit and member owned funds, and the rest of the industry is staggering. It is a *tale of two cities* – and one that is sadly missing from the wider private health debate.”

“Ignoring this stark difference is akin to discussing superannuation without differentiating between bank owned retail funds, and the better performed and growing industry funds.”

Like industry super funds, Mr Koce said Members Health funds are leaders in service, value and prudence.

“As a group Members Health funds operate on narrower profit margins and don’t have to satisfy shareholders or overseas investors. That means any profits generated above what the fund needs to operate, goes back to the members through lower premiums and better health benefits.”

“It’s no secret, the private health insurance industry is facing a declining trend of participation among younger age groups, but it is clearly not being driven by the not-for-profit and member owned insurers in our alliance.”

“In fact, if it weren’t for the Members Health funds, the situation facing the industry could be even worse. Savvy younger Australians are clearly shopping around, and choosing a health fund that aligns closer with their values.”

But Mr Koce said changes were still needed to attract even more younger Australians to the private system.

“This means tackling entrenched cost drivers in the system head-on, like high medical devices costs, and the erosion of incentives such as the health insurance rebate which has been cut by government from 30% to 25%. If Australia wants to remain a world-leader in health care, government reforms are needed to improve insurance choice and affordability for Australian families.”

Members Health is the peak industry body for an alliance of 27 health funds that are not-for-profit or part of a member-owned group. They all share the common ethic of putting their members’ health before profit. Our funds represent the interests of more than 3 million Australians.

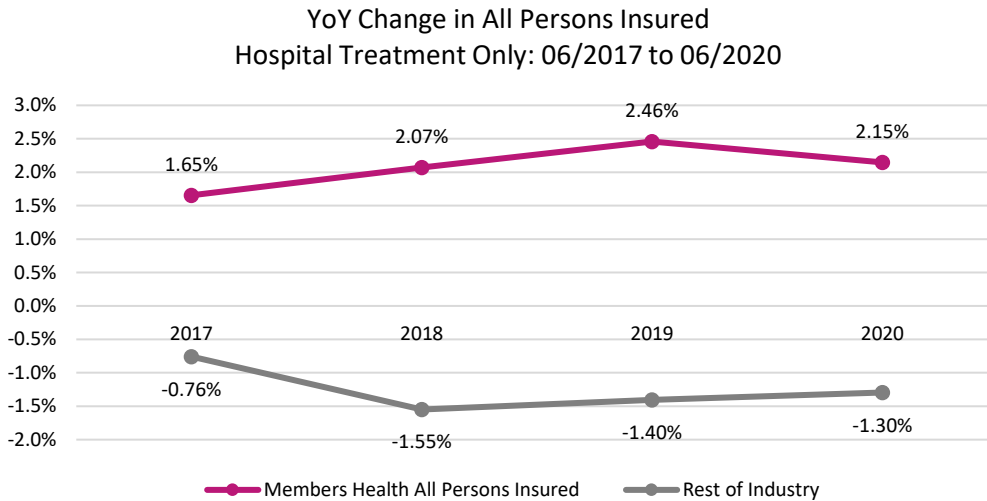
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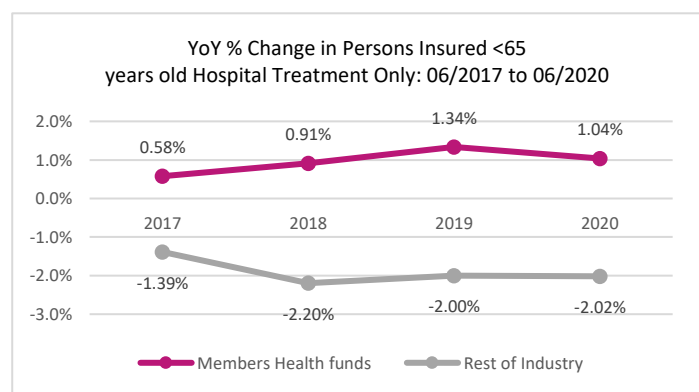
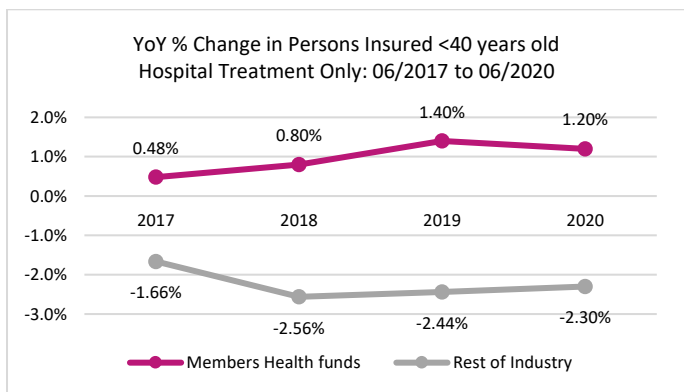
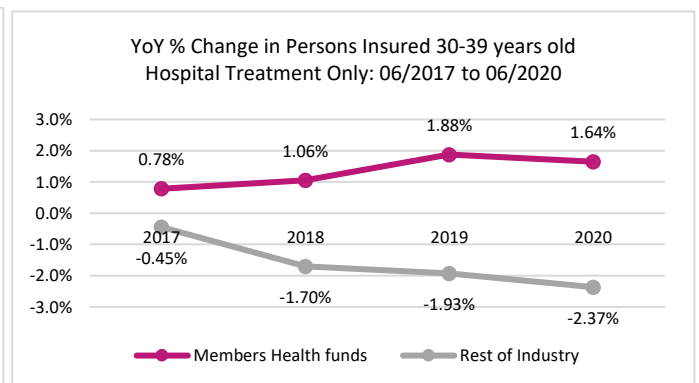
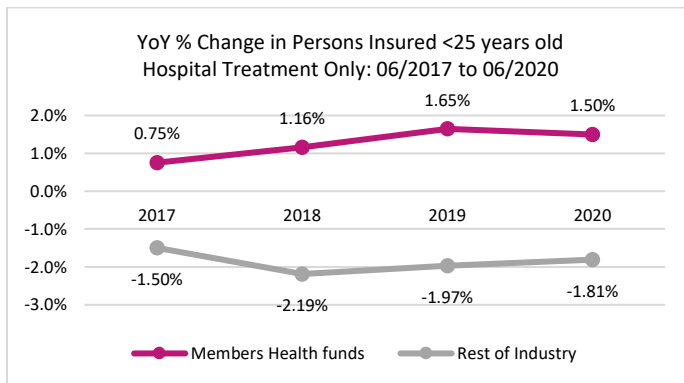
Putting members’ health before profit

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Series 1: Year on year change in persons insured on Hospital Treatment only policies. Members Health funds aggregate versus rest of the industry aggregate.



Series 2: Year on year change in persons insured on hospital treatment policies only, by specified age groups. Members Health funds aggregate versus rest of the industry aggregate.

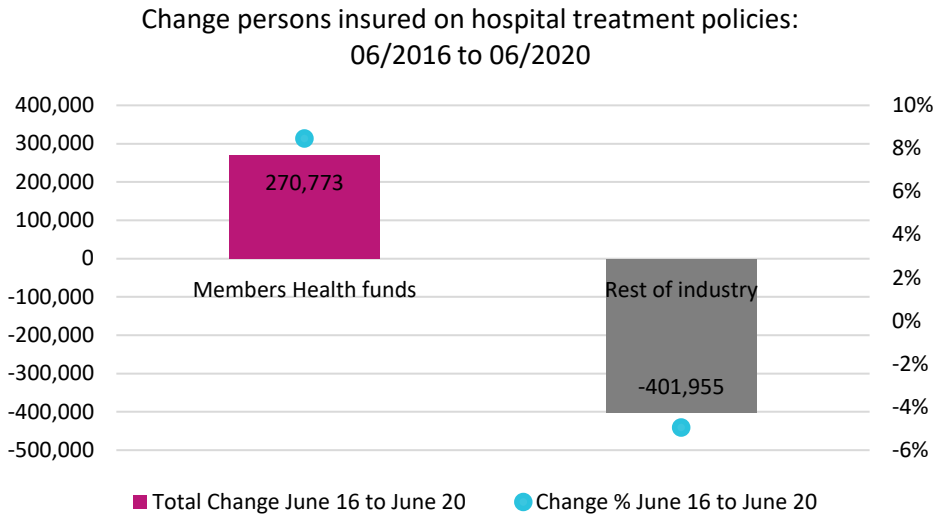


Source: APRA <https://www.apra.gov.au/quarterly-private-health-insurance-statistics>

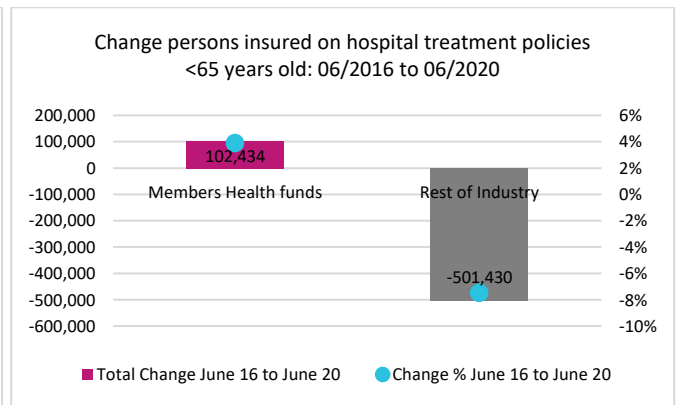
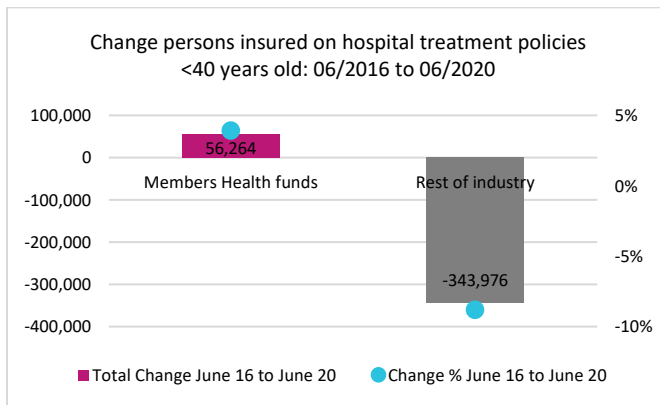
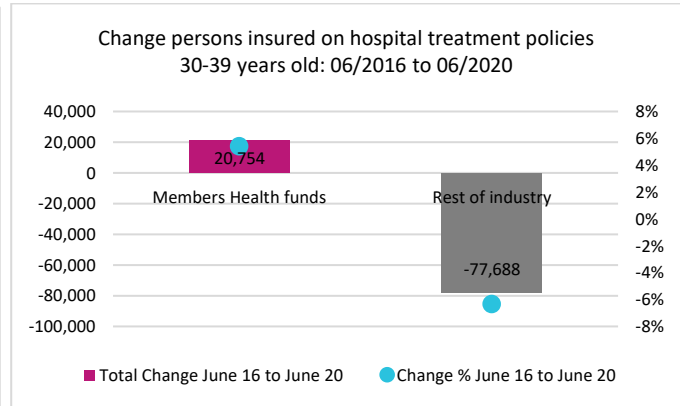
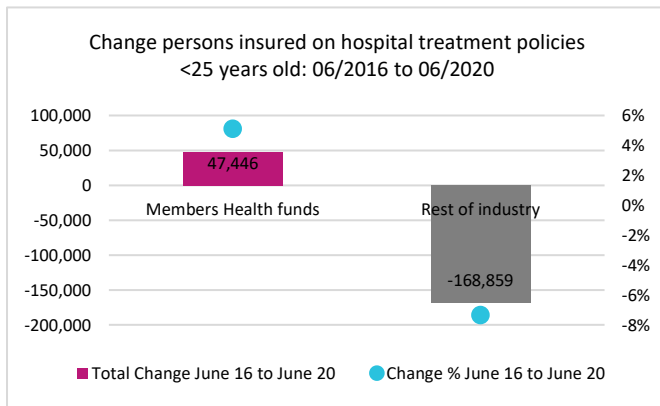
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Series 3: Overall change 2016-2020 all persons insured on hospital treatment policies only. Members Health funds aggregate versus rest of the industry aggregate.



Series 4: Overall change 2016-2020 persons insured on hospital treatment policies only, by specified age groups. Members Health funds aggregate versus rest of the industry aggregate.



Source: APRA <https://www.apra.gov.au/quarterly-private-health-insurance-statistics>

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