



# Members Health Funds Alliance

*Why our funds are different.*

November 2020



Putting members' health before profit

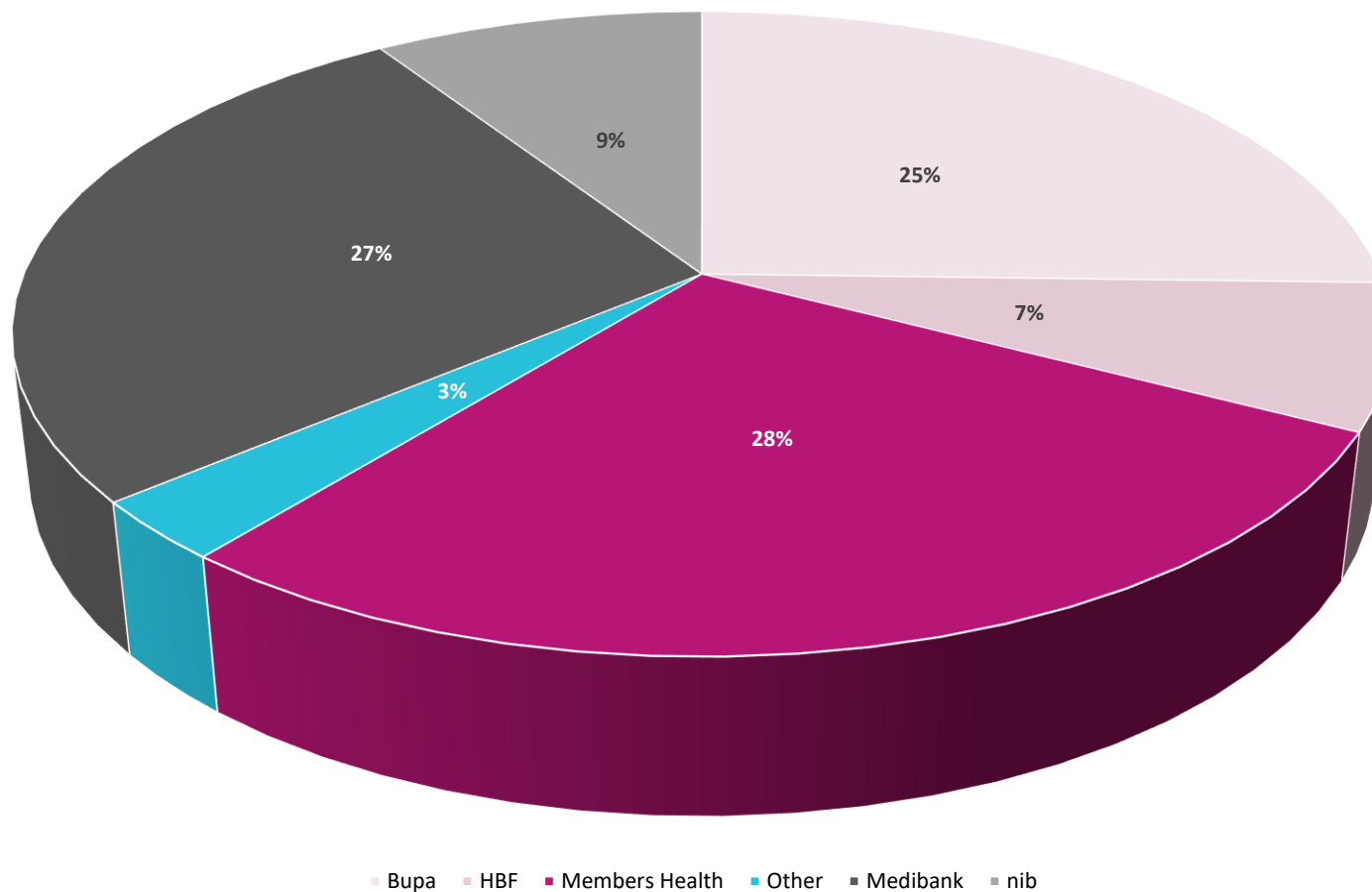
# The key difference

## For people, not for profits

- Our funds make up 26 of Australia's 36 registered private health insurers and share one or more of the following attributes; they are not-for-profit group or part of a member owned group, regional or 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

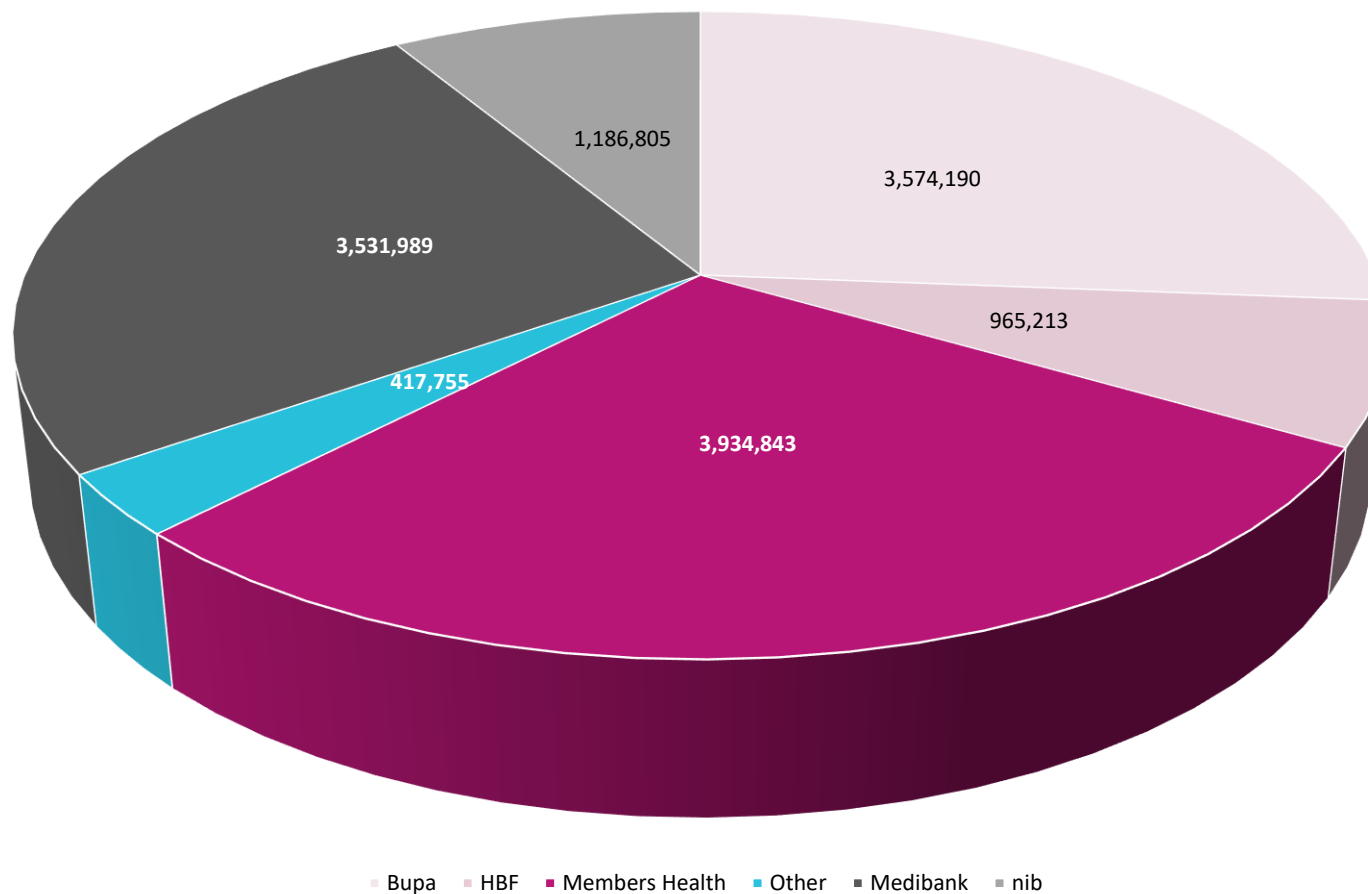
Private Health Insurance market share by policies 2020



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

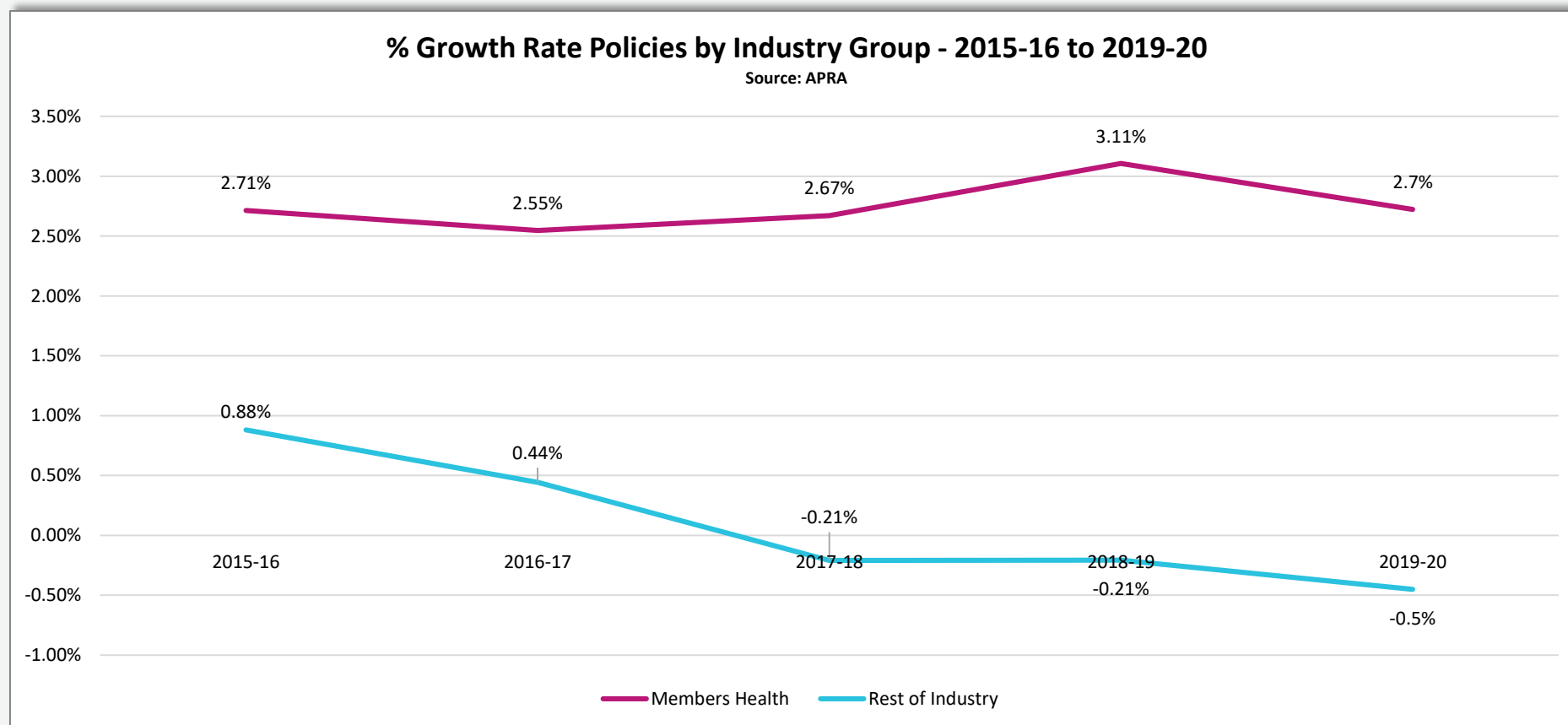
# PHI Industry snapshot

Private Health Insurance market share by persons insured 2020



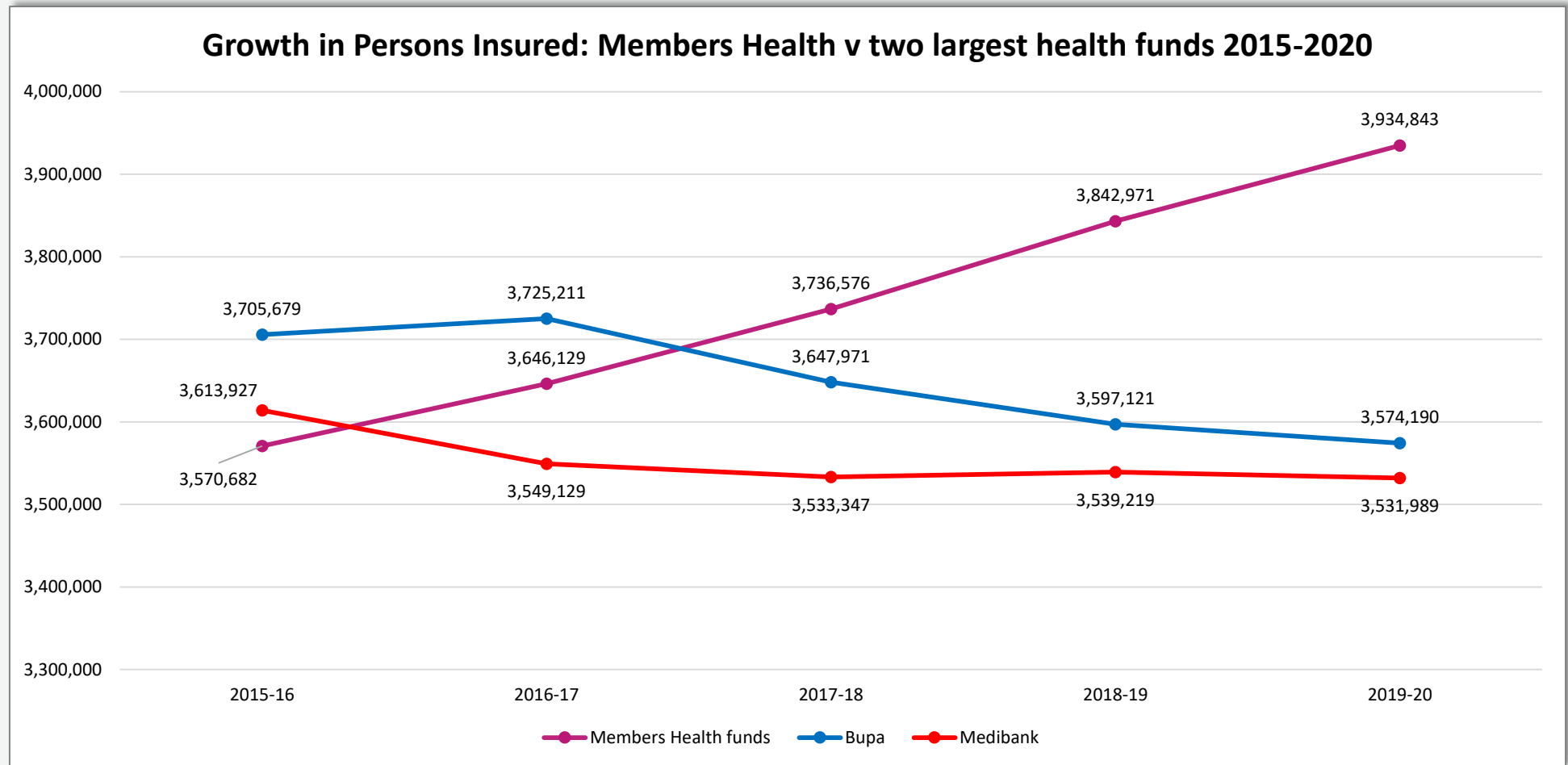
Source APRA: <https://www.apra.gov.au/operations-of-private-health-insurers-annual-report>

# 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>

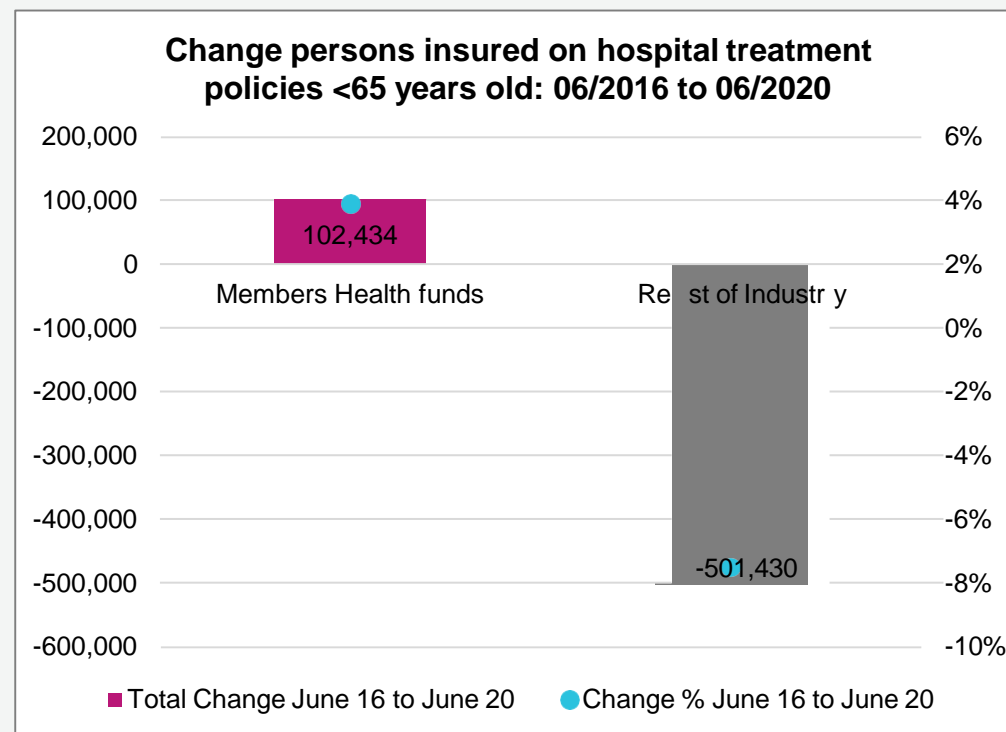
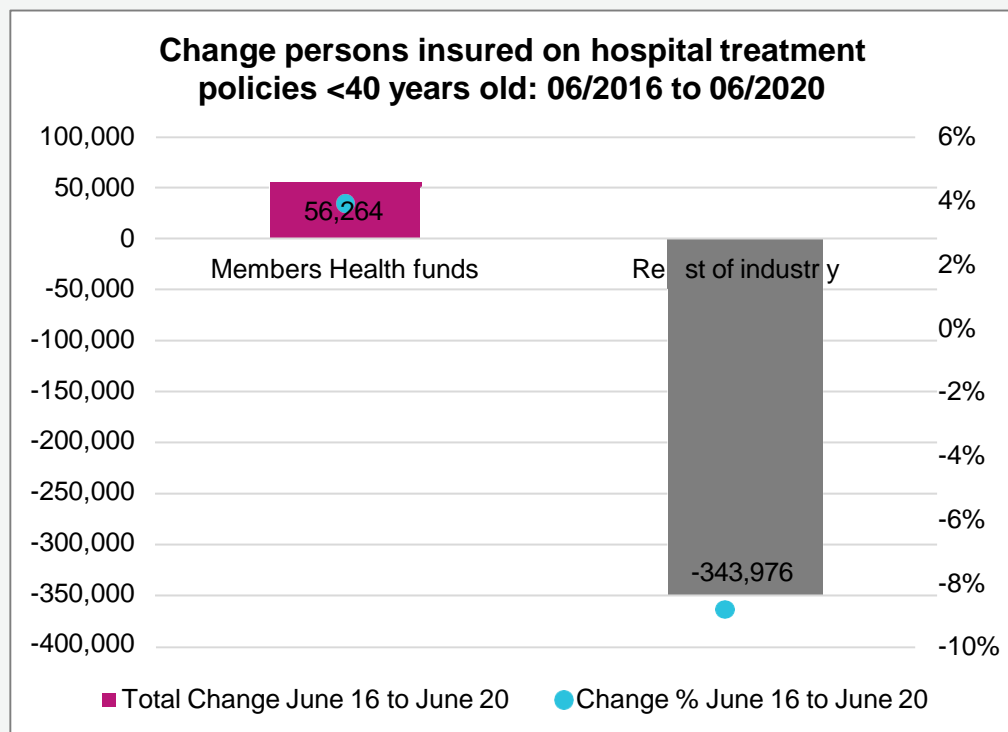
# Outperforming the largest funds



Members Health funds, as a group, have continued their steady growth trajectory over recent years, while the largest for-profit or foreign owned funds have experienced consistent declines.

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

# Growing with more younger, healthier people



Tens of thousands of younger and healthier Australians are turning to Members Health funds for their cover.

Between June 2016 and June 2020 more than 56,000 people aged under 40 joined our member funds, while 343,000 in the same age group left the rest of the industry. In the under 65 cohort, Members Health funds saw an influx of 102,000 people insured over the past two years, while the rest of the industry saw an exodus of more than 501,000.

# Delivering value to consumers

**Because our funds do not have to pay dividends or drive profits for shareholders and investors, they can operate on slim – even negative net margins and give more back to policyholders.**

| Fund                         | Net Margin | % of Industry |
|------------------------------|------------|---------------|
| Medibank                     | 6%         | 27%           |
| Bupa                         | 4%         | 25%           |
| NIB                          | 5%         | 9%            |
| Members Health funds average | 0.3%       | 28%           |

*Excludes newly established health funds: CBHS Corporate, MyOwn Health and Nurses and Midwives Health. Including these funds would further reduce the MembersHealth average net margin to -2%.*



# 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 31 March 2020 via [www.privatehealth.gov.au](http://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 31 March 2020 via [www.privatehealth.gov.au](http://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 13 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?

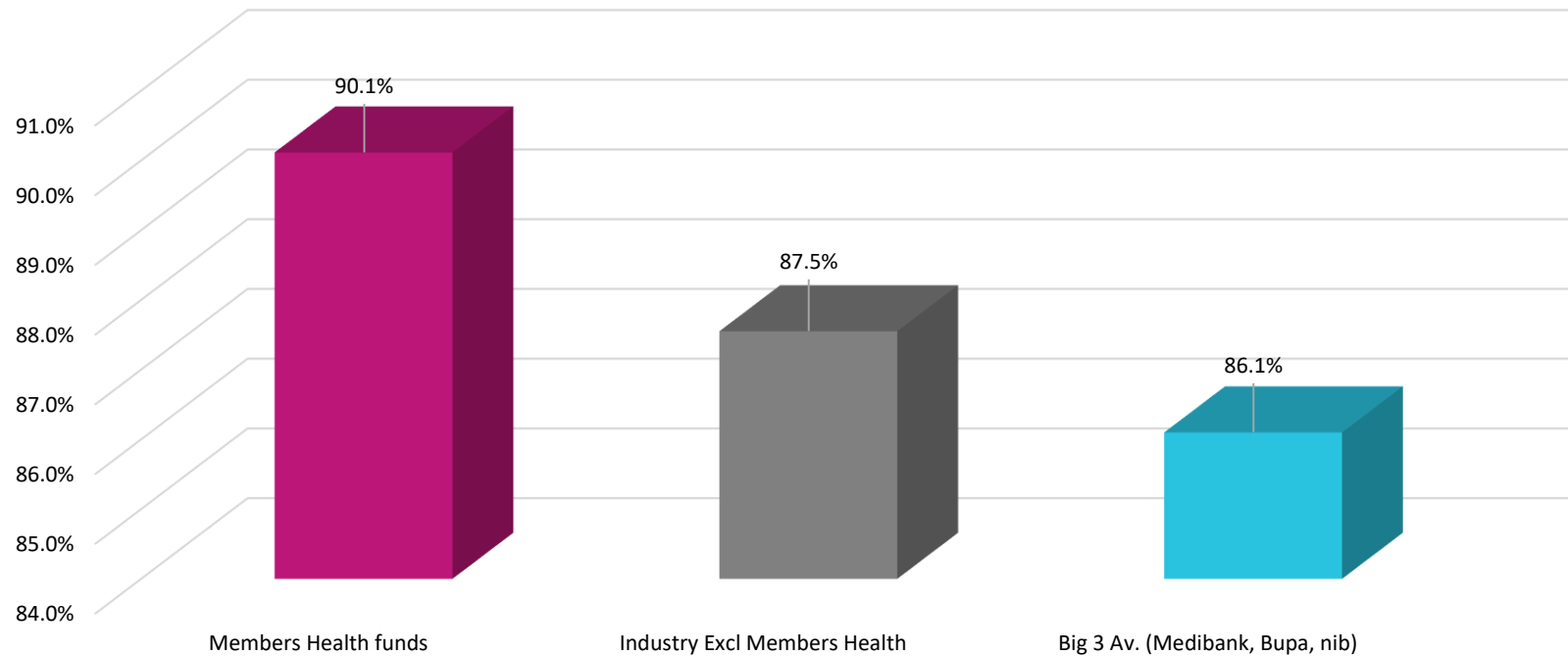
2020: 94% satisfied, 18,467 responses received from participating funds.

*Discovery Research annual Members Satisfaction survey*

# Delivering value to consumers

## Benefits Paid as a Percentage of Premium Revenue 2019-2020

Source: APRA



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.

# Customer satisfaction: Our funds are liked

## IPSOS: Net Supporter Score (2019)

|                        | Recommend friends and colleagues to USE this insurer | Recommend friends and colleagues NOT to use this insurer | Or have a neutral stance on a recommendation | Net Supporter Score |
|------------------------|--|--|--|---------------------|
| <b>Members Health*</b> | <b>47%</b>   | <b>3%</b>  | <b>50%</b>                                   | <b>45%</b>          |
| Big 3 For-Profits      | 28%  | 6%   | 66%  | 22%                 |

Ipsos Health Care & Insurance Australia Report

Weighted for market share

\*18 Members Health Funds were captured in the survey findings

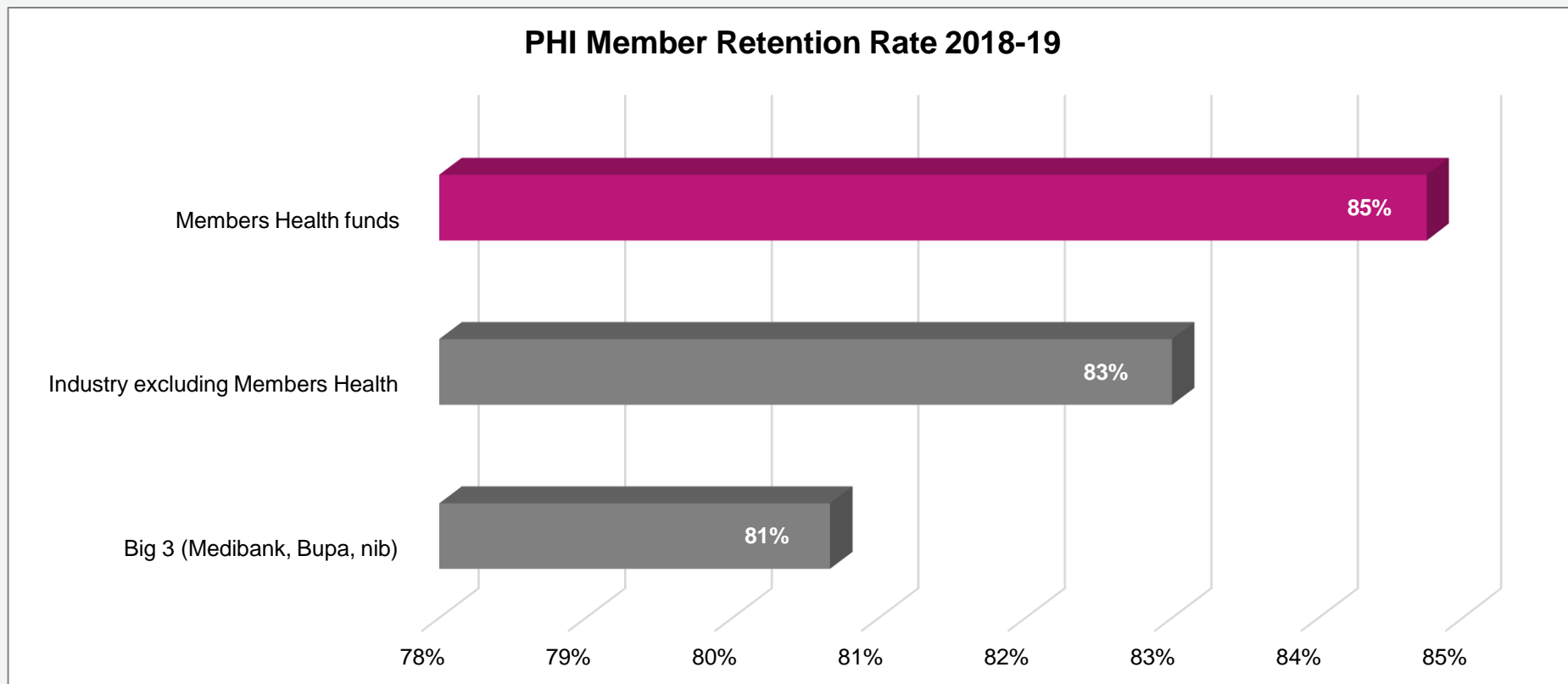
Participating health funds:

AHM, Aust Unity, BUPA, CBHS, CUA, Defence Health, Emergency Services Health, Frank, GMHBA, HBF, HCF, Health Partners, health.com.au, HIF, Latrobe, Medibank, Navy Health, NIB, Nurses/Midwives Health, Peoplecare, Police Health, RT Health, St Lukes, Teachers Health Fund, Teachers Union Health (TUH), Westfund.

# Our members are loyal

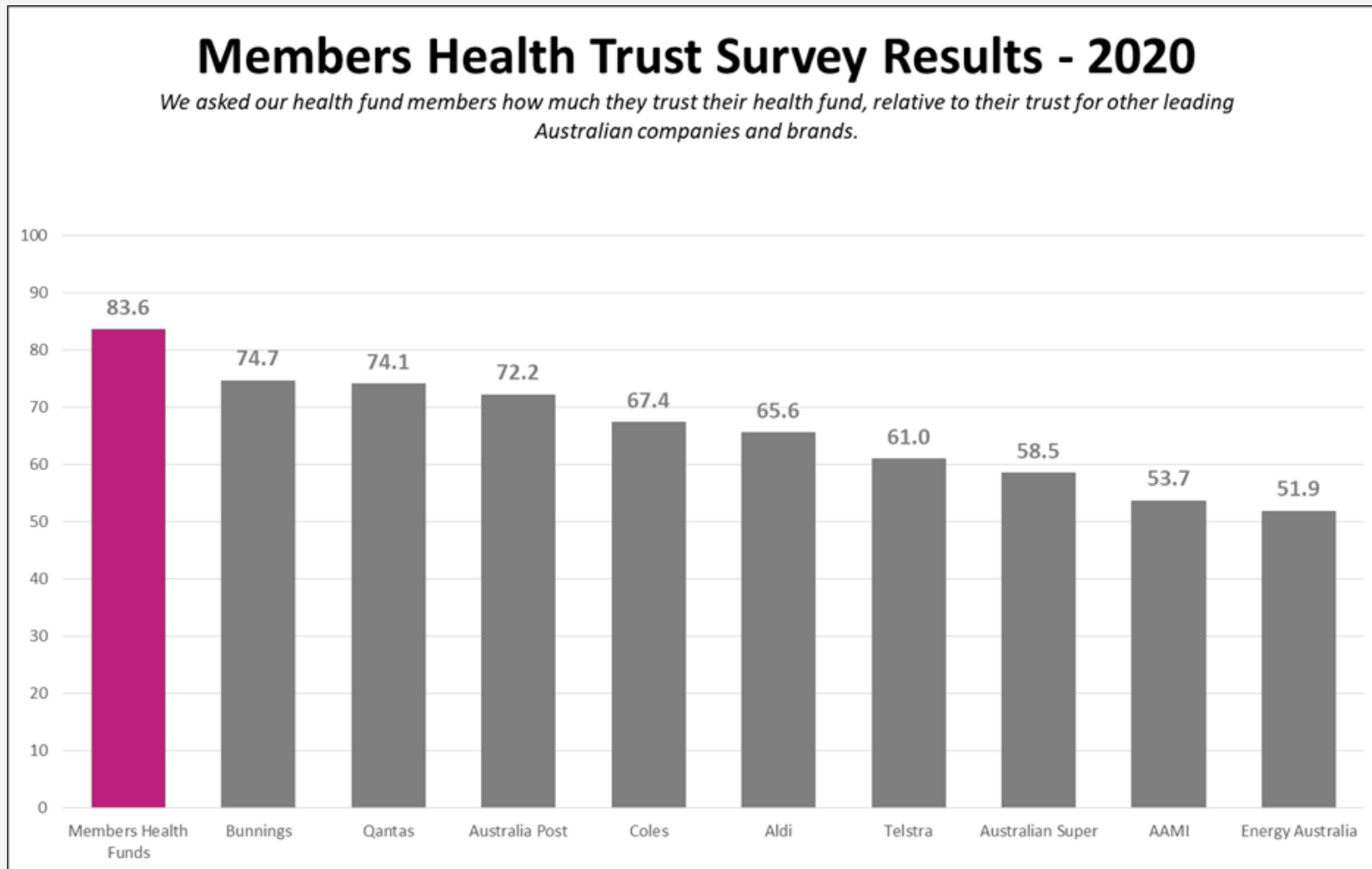
## High rates of customer retention with Members Health funds

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/2019-state-of-the-health-funds-report>

# What's more important than trust?



# 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

doctors  
health fund  
an UAvant company

CBHS  
HEALTH FUND

NURSES  
MIDWIVES  
HEALTH  
Caring for the carers

Latrobe  
HEALTH SERVICES

Defence  
Health

Territory  
HEALTH FUND

Health  
Partners

cua  
Health

Members Health  
FUND ALLIANCE