

MEDIA RELEASE

PHIO data shows HCF has the highest return of premiums as benefits and highest coverage of no-gap medical services

Sydney, 30 May 2013 – Australia's largest not-for-profit private health insurer, HCF, offers the highest return of premiums as benefits and consistently offers the highest coverage of no-gap medical services of all major health funds, according to the Private Health Insurance Ombudsman (PHIO)'s State of the Health Funds Report for 2012.

The PHIO Report showed HCF returned 90.7% of premiums back to members as benefits in the 12 months to 31 December 2012 and was recognised as the most efficient of all major health funds, with a management expense ratio of 7.3% of premiums for the same period - the lowest of all major health funds. The Report also showed HCF has the highest proportion of medical services with no gap in every state and territory.

General Manager Benefits Management for HCF, Chris Wallace, said: "Medical gaps are an area of often unexpected costs and are of great concern to our members. HCF's no-gap scheme is aimed at continuing to reduce these out of pocket expenses wherever possible. Most members should be able to access no-gap medical services by asking questions of their doctor."

The PHIO no-gap results vary by state, with the percentage of services with no gap being the highest in SA, TAS and VIC, and the lowest in the ACT. Medical gaps vary significantly in regions within states, with some regions more than double the average, and others being less than a quarter the average gap.

For HCF, the percentage of hospital admissions with no medical gap is also high. Some 80% of HCF members are not subject to any medical gap costs when admitted into hospital, a proportion which has steadily increased in recent years. While average gap charges are highest in NSW, 77% of admissions in NSW are provided with no medical gaps.

| Year | HCF % of admissions with no medical gap |
|---------------------|-----------------------------------------|
| 2008/09 | 75.0% |
| 2009/10 | 76.0% |
| 2010/11 | 77.4% |
| 2011/12 | 78.2% |
| 2012/13 to April 13 | 80.1% |

Medical charges per hospital admission Australia-wide, by year. Source - HCF

HCF's Managing Director, Shaun Larkin said, "HCF members receive the highest level of medical coverage in the industry, but the delivery of no-gap services remains an important issue. As an increasing number of services are delivered without a gap, the remaining services which still incorporate a gap becomes larger. Privately insured patients need to ask their doctor if they provide no-gap services and, if not, why they are charging a higher cost."

The largest area of unexpected gap expenses for privately insured patients is in the area of specialist and diagnostic medical services.

Note to editors

Medical services with no gap, per service, financial year ending 30 June 2012. Source - PHIO

| State | HCF % of services with no gap | Industry % of services with no gap |
|-------|-------------------------------|------------------------------------|
| NSW | 91.5% | 87.5% |
| VIC | 97.0% | 91.2% |
| QLD | 95.7% | 88.4% |
| WA | 91.2% | 79.4% |
| SA | 99.4% | 93.9% |
| TAS | 97.6% | 89.6% |
| ACT | 82.2% | 77.8% |
| NT | 94.3% | 81.4% |

Medical charges per hospital admission, 2012 calendar year. Source – HCF

| State | HCF % of admissions with no gap |
|--------------|----------------------------------------|
| NSW | 76.8% |
| VIC | 82.3% |
| QLD | 74.9% |
| WA | 70.0% |
| SA | 96.1% |
| TAS | 81.4% |
| ACT | 58.4% |
| NT | 61.2% |
| Total | 77.6% |

Further information can be obtained from the Private Health Insurance Ombudsman (PHIO) publication of its annual State of the Health Funds Report for 2012, available at www.phio.org.au.