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ASX release

Medibank announces approved average premium increase

Medibank Private Limited (MPL) has received approval from the Federal Minister for Health to increase its premiums by an average of 4.60% across all Medibank and ahm health insurance products, effective 1 April 2017.

Medibank CEO Craig Drummond said the average premium increase was Medibank's lowest in 15 years, and 24 basis points under the industry average, even as health costs continued to grow at a faster rate than wage growth.

"We know household budgets are under increasing pressure, with healthcare costs continuing to grow at a faster rate than wage growth. We realise that premium increases are always unwelcome, which is why we will continue to work with industry and Government to promote reforms that drive cost growth down and ease the pressure on our customers," Mr Drummond said.

"The challenge is to get the balance right between meeting the rising costs of healthcare in Australia and ensuring that our products remain affordable and meet the health needs of our customers. We have worked hard to reduce waste and inefficiency in the health system and our lowest premium increase in 15 years reflects our commitment to pass benefits of this work on to Medibank customers.

"An example of this is our commitment to return 100 per cent of the Government's prostheses reform to customers. In 2017, this means that Medibank customers are expected to benefit from an estimated \$24 million in annual savings. What we know is that there is potential for further adjustments to the prostheses list which would benefit customers. We remain committed to continuing to pass this on in full to reduce pressure on private health insurance premiums.

"Additionally, customers are telling us they want greater value from their premiums and products, which is why we have invested significantly in our products and services in 2016 and we will continue to do so," he said.

Medibank and ahm customers will receive a letter that clearly outlines the impact of the premium increase on their products in the coming weeks.

More information about premium changes is available at www.medibank.com.au/health-insurance/premium-review/ or by calling Medibank on 134 190.

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