

19 December 2018

ASX release

Medibank delivers lowest average premium increase in 18 years – and announces early adoption of PHI reforms

Medibank and ahm health insurance premiums will increase by an average of 3.30% from 1 April 2019 – its lowest average premium increase in 18 years.

Many customers will also be able to lower their premiums with Medibank's early adoption of the Federal Government's private health insurance reforms.

Medibank is proud to adopt voluntary discounts for 18 to 29 year-olds on hospital policies from 1 April 2019, effectively reducing its average premium increase to 3.09%.

Medibank is also adopting the voluntary reforms on regional and rural travel and accommodation benefits on some hospital covers and will introduce the voluntary higher levels of excess on most products. For customers who would like to reduce their premiums, they can select to change their excess to \$750 for singles and \$1,500 for couples and families.

The reforms, designed to make private health insurance more affordable and easier to understand, will result in lower increases in premiums for many Medibank customers and offer customers greater choice.

Additionally, Medibank will introduce during 2019 the mandatory Gold, Silver, Bronze and Basic hospital cover product categorisation. What is and is not covered in these tiers will be based on new minimum standard categories of treatment as defined by the new regulations.

Medibank CEO Craig Drummond:

"The challenge remains, as to how we can continue to deliver quality healthcare in Australia, at an affordable price.

"Which is why Medibank has made the decision to implement the private health insurance reforms from 1 April 2019, meaning many of our customers will have choices available to help lower their increase in premium.

"Allowing our customers aged 18 to 29 years old to access the youth discount on hospital cover will result in lower premium increases for them. This is good news for our younger customers.

"But we can't ignore the fact that premium increases are unwelcome, and we know we need to work even harder on addressing the affordability concerns of Australians.

"The pressure on the health system and our customers and their household budgets has my focus, and the focus of all Medibank employees.

“Healthcare costs in Australia have been tracking at an average of 4.6% above inflation each year over the past 10 years, largely driven by more frequent and more expensive hospital admissions and a population that is getting older. This has put real pressure on the health system – both public and private.

“That means we need to look at all parts of the health sector for long lasting opportunities to make the fundamental changes required to keep Australia’s health system a world leader.

“As a business we are tackling this head on by cutting \$60 million from our own management costs over 3 years to the end of the 2020 financial year. We are also focused on providing more affordable alternative (home and community) care settings.

“In financial year 2018 \$5.3 billion in benefits were paid to Medibank and ahm customers, supporting more than 1.3 million hospital admissions, 500,000 surgical procedures and 23.8 million extras services. We also committed to give back around \$35 million in additional value to our customers during the year.”

More information

The average premium increase is an overall figure. Customers may experience a premium change above or below the average. The change can depend on the state or territory a customer lives in or the type of cover they’re on.

Medibank and ahm customers will be formally notified of their new premium from February 2019 through the post or email and will be able to contact us to find out more information.

Medibank and ahm will adjust premiums for customers from 1 April 2019.

Medibank customers can find [more information about premiums on the Medibank website](#) or by calling Medibank on 134 190, and [ahm customers can visit the ahm website](#) or call ahm on 1300 214 416.

For further information please contact:

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