

ASX release

7 May 2024

Medibank shares business update and healthcare insights

Medibank will this week attend the Macquarie Australia Conference where group executives will meet with investors and participate in a Q&A session with Macquarie analysts.

The following business update and healthcare insights will be shared with investors during the conference.

Unwavering focus on our customers

Medibank continues to recognise the importance of value and choice for its customers. In March, Medibank announced an average health insurance premium increase of 3.31% from 1 April 2024, which remains below inflation and wage growth in Australia.

In addition, Medibank customers holding an active hospital and/or extras policy on 30 June 2024 will receive funds through a \$200 million cash back, and ahm customers have been given another year to use their unused extras limits, valued at up to \$15 million as part of Medibank's COVID-19 support package.

Resident industry fundamentals remain robust – Medibank maintains a disciplined approach to growth

APRA statistics released in late February showed continued industry resilience with an increase of approximately 277,000 Australians having resident private health insurance hospital cover in the 12 months to 31 December 2023. This included an increase of approximately 96,000 people under the age of 30, which is critical to the long-term sustainability of Australia's health system, reflecting the benefit of recent reform and the growing importance of health among consumers.

Resident industry policyholder growth of 2.06% over the 12-month period to 31 December 2023 compares to 1.90% in the 12 months to 30 September 2023 demonstrating the continued resilience of the industry despite ongoing cost of living pressures. Importantly, growth in the new to industry segment remains robust while growth in switching has moderated. Competitive intensity in the industry remained largely unchanged during the third quarter and is expected to persist through the fourth quarter, which is historically a strong quarter for growth.

Despite this competition, Medibank remains disciplined in its approach by targeting profitable growth in priority segments, including corporate, families and new to industry customers, where we are seeing continued positive momentum. Based on our performance in the March 2024 quarter, we remain on track in our aim to deliver our resident policyholder growth outlook of 1.2% - 1.5% for FY24.

Resident claims remain below expectations with continuation of favourable trends

Based on the risk equalisation outcome in the March 2024 quarter which continued to reflect the benefit of favourable age claiming patterns for Medibank, expected claims growth per policy unit for FY24 amongst resident policyholders is now anticipated to be at the lower end of the 2.2% - 2.4% range in our FY24 outlook.

Trends impacting claims during 1H24 have continued into the second half including particular softness in non-surgical and extras claims, and this is anticipated to result in claims continuing to be below expectations in 2H24.

Health transition is underway – Medibank’s strong growth to continue

Medibank has a clear strategy to grow by delivering leading experiences, differentiating our insurance business and expanding in health.

Our growing Medibank and ahm brands serve over 4.1 million customers, and our health workforce of over 2,000 people provide care to patients across three healthcare segments wellbeing and prevention; primary and virtual care; and through short stay hospitals and in the community.

Across these key healthcare segments, Medibank has strong foundations and existing capabilities in place as the health transition evolves.

Health, wellbeing and prevention is becoming a greater priority among consumers, in the corporate sector with employers taking a greater role in the health of their people, and the government, with increasing spend on preventative health measures. In addition to its current focus, Medibank is accelerating its strategy in corporate health, supported by the broadening of Live Better’s product offering and through Amplar Health’s recent partnership with Amwell.

Across **primary and virtual care**, Medibank has one of Australia’s largest multi-disciplinary primary care networks. The expansion of the Myhealth GP network remains a priority following Medibank increasing its shareholding in Myhealth on 5 January 2024. Our investments in virtual care are enabling us to participate in this rapidly growing market which improves access for patients, experience for health professionals and supports more proactive and preventative health.

Increasing adoption of care delivered in the **community and in short stay hospitals** is an important element of Australia’s health transition. Medibank has invested in six hospitals, partnering with medical professionals to grow new care delivery methods across a number of modalities, including mental health.

Our relationship with hospital partners continues to evolve. We now have partnerships with the majority of hospital groups that both support affordable access to quality healthcare today and incentivise the health transition for the future. This includes the adoption of new care settings to improve customer value and experience and have the potential to reduce readmission rates, improve continuity of care and avoid unnecessary hospital stays.

Ongoing reform is also important to Australia’s health transition. The decision to defer a previously committed prosthesis reform element is disappointing, however this reform step was not expected to have any immediate short term claims benefit to the industry. Medibank will continue to advocate for changes that support customer affordability and system sustainability for the future of healthcare in Australia.

This announcement has been authorised for release by the Board.

For further information please contact:

For media

Emily Ritchie
Hub Lead, External Affairs
M: +61 429 642 418
Email: Emily.Ritchie@medibank.com.au

For investors/analysts

Colette Campbell
Hub Lead, Investor Relations
T: +61 475 975 770
Email: investor.relations@medibank.com.au