



February 25, 2019

MEDIA RELEASE – FOR IMMEDIATE USE

Insurers funding record healthcare as access to public system worsens

Health insurers have been funding record levels of healthcare and covering more surgery as DHBs struggle to meet people’s needs in a reasonable timeframe, the Health Funds Association (HFANZ) said today.

Commenting on the release of health insurance statistics for the 2018 year, HFANZ chief executive Roger Styles said health insurance was actually providing a safety net to the public system for those who have it.

“It’s clear we have not seen any improvement in access to public surgery in the past year. If anything it seems to have got worse,” Mr Styles said.

He said there had been huge disruption in the public hospital sector, with waves of industrial action having an adverse impact on DHBs meeting people’s surgery needs, and DHBs set to cut spending further to avoid massive debt blowouts.

“Health insurance has provided timely access to surgery for the nearly 30 percent of New Zealanders who have it – with funded healthcare claims up nearly 10 percent in the past year,” Mr Styles said.

“Of course, with more claims funded, premiums are also up over the past year by around 8 percent, although there has been an increase in total lives covered – up by 20,000 over the 2018 year, or around one and a half percent.”

Despite concern over recent years around the affordability of sustained premium increases, particularly for older New Zealanders, health insurance coverage for those aged 65 and over remained at around 22 percent of the population.

Mr Styles said HFANZ had some tips for those looking to mitigate the impact of rising premiums.

“Opting for a higher excess is the most common. This effectively means self-insuring a portion of potential treatment costs and covering smaller medical bills out of pocket, but having health insurance for the big things if needed. Most insurers offer excesses of \$2000–\$4000 in return for a lower monthly premium.”

Choosing major medical rather than comprehensive insurance would also reduce annual premiums, he said. This was now the most common policy with around two-thirds of those insured.

Mr Styles said it made sense for people to simply talk with their insurer about what options might be available to limit or even reduce premium increases.

The latest HFANZ statistics showed the number of lives covered was up by 2100 for the December 2018 quarter, bringing the total number of New Zealanders with health insurance to 1.403 million.

Claims paid in the December quarter was up 11.9 percent to \$346 million on the same period in 2017, while annual claims paid for calendar 2018 totalled \$1.3 billion, up \$115 million or 9.7 percent.

Premium income for the quarter was up \$12 million or 3.2 percent on the September 2018 quarter to \$403 million. Annually, premium income rose \$119 million or 8.3 percent to \$1.550 billion.

ENDS (three-page statistical summary follows)

For further information, contact:

Chief executive Roger Styles - 04 499 0834 or 027 480 0072

Media advisor Andrea McKay - 027 555 7783.

Quarterly statistical summary: December 2018

This statistical supplement sets out key health insurance statistics for lives covered, claims and premiums over the previous quarter and 12 month period, together with commentary on changes and underlying trends.

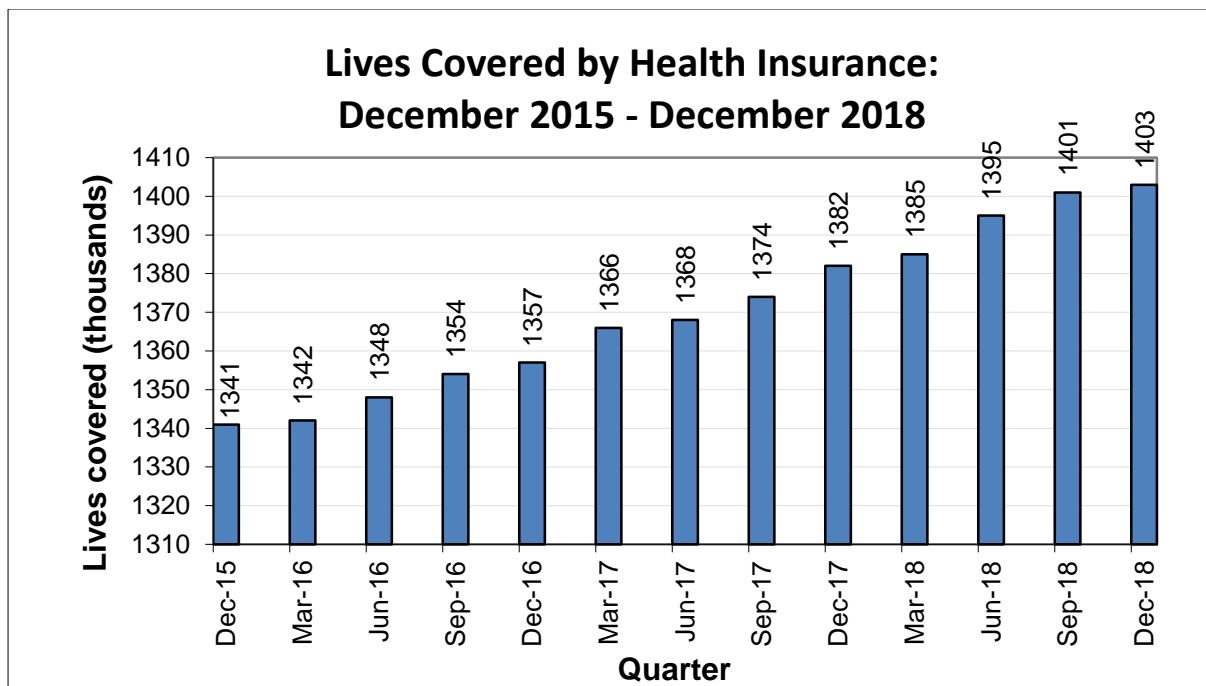
Headline changes

- ▲ Lives covered up 2100 for the quarter; up 19,600 or 1.4 percent for the year to 1.403 million;
- ▲ Premium income of \$403 million for the quarter, up \$12 million on September quarter; annual premium \$1.550 billion, up \$119 million (8.3 percent) on December 2017 year;
- ▲ Claims paid for quarter of \$346 million, up 11.9 percent on previous December 2017 quarter; annual claims paid for December year of \$1.300 billion up \$115 million (9.7 percent) on December 2017 year claims.

Lives covered

There was an increase of 2100 lives covered over the December 2018 quarter. Total lives covered as at 31 December 2018 stood at 1.403 million. On an annual basis, lives covered have increased by 19,600 or 1.4 percent for the year ending December 2018. This is the fifteenth straight quarterly increase in lives covered, with 2017-18 showing the strongest growth in lives covered since 2001.

The continued growth in employment levels has helped increase PHI uptake, with an increase in the number of people opting for health insurance cover which is partly funded by their employer.



Changes in lives covered by age-group

The table below gives a breakdown of the changes in lives covered over the past year by age group.

Age	Dec 2017	Dec 2018	Change	Percent
0-4	60,900	61,268	368	0.6%
5-9	84,056	84,271	215	0.3%
10-14	85,811	87,626	1,815	2.1%
15-19	84,073	85,096	1,023	1.2%
20-24	77,428	77,548	120	0.2%
25-29	80,747	83,315	2,568	3.2%
30-34	92,796	96,308	3,512	3.8%
35-39	100,243	103,631	3,388	3.4%
40-44	107,925	107,991	66	0.1%
45-49	120,837	121,284	447	0.4%
50-54	118,527	118,376	-151	-0.1%
55-59	114,198	115,704	1,506	1.3%
60-64	93,634	95,038	1,404	1.5%
65-69	68,292	68,425	133	0.2%
70-74	42,830	45,030	2,200	5.1%
75-79	26,356	26,889	533	2.0%
80-84	13,700	14,209	509	3.7%
85-89	7,662	7,540	-122	-1.6%
90+	3,250	3,273	23	0.7%
Totals	1,383,265	1,402,822	19,557	1.4%

Most of the annual growth in lives covered has come from the working age population, as interest continues to grow in employer-subsidised health insurance for staff. The year saw numbers boosted by both general employment growth, as well as growth in the availability of employer-subsidised health insurance as part of a broader focus on wellness in the workplace.

The year has also seen an increase in the number of older New Zealanders with health insurance, as the population ages and older New Zealanders maintain their health insurance – largely in acknowledgement of the increasing difficulty in accessing public-funded healthcare such as elective surgery. The number of people aged 65 and over with health insurance grew by 3300 or 2.0 percent to 165,000 – around 22 percent of the 65+ population.

Premium income

Premium income for the December 2018 quarter totalled \$403 million – up by \$12 million on the September quarter. Annual premium for the year ended 31 December 2018 was \$1.550 billion, up 8.3 percent or \$119 million on premium income for the December 2017 year.

Claims paid

Claims paid for the December 2018 quarter were \$346 million, up 11.9 percent on the previous December 2017 quarter. Total claims paid for the 12 months ending 31 December 2018 were \$1.300 billion, up 9.7 percent – or \$115 million – on December 2017 year claims.

Annual claims paid have effectively doubled over the past decade, as people have accessed both a greater volume and a wider range of services and treatments through health insurance.

The higher claims growth over the past year reflects a combination of growth in lives insured, medical inflation and higher utilisation rates. On top of additional healthcare demand expected from demographic changes, there has been a noticeable increase in demand for insurance-funded healthcare treatment in the past year as a result of the disruption in the public health sector and the adverse impact on people’s ability to access healthcare through their DHB.

