

HEALTH INSURANCE STAR RATINGS

AWARDS TO PRODUCTS

The Health insurance star ratings combines 3 separate health insurance product types (Hospital cover, Extras cover and Packaged Hospital and Extras cover). The rating process for each of these product types employs a separate star ratings methodology consistent with the pricing and features model of the CANSTAR star ratings.

$$\text{TOTAL STAR RATINGS SCORE (T)} = w_1 \text{PRICING SCORE (P)} + w_2 \text{FEATURES SCORE (F)}$$

Below is a brief overview of the profiles to be rated so that consumers can use the star ratings results to find the most suitable products. The specific areas of need for both the young and mature profiles for both hospital and extras cover are listed under the inclusions heading of the star ratings methodology section of this document.

All profiles are assumed to represent the average person from that demographic rather than either ends of the risk aversion spectrum.



YOUNG SINGLES:

This profile caters to young to middle-aged singles (both male and female) that have no dependents and no immediate plans for children. While the average young singles do not consider themselves to be invincible, they are mostly concerned about having a safety net for hospital cover if they ever need it. Dental, optical, chiropractic and physiotherapy cover are also important areas of Extras cover.



YOUNG COUPLES/FAMILY – WITH OBSTETRICS:

This profile covers young to middle-aged couples with a young child or children, as well as couples planning a family. This profile can be seen as growing families but like young singles, they are not yet concerned about cover for hip replacements and multi-focal lenses but are interested in cover for obstetrics and IVF, dental, optical, physiotherapy and chiropractic. Couples planning for children in the short term should be taking out the appropriate family cover now.



YOUNG COUPLES – NON OBSTETRICS:

This profile covers young to middle-aged couples who don't plan to have children or at least are postponing a family. They are looking for all-round cover from their health fund but don't need to pay for obstetrics and IVF. A good hospital plan with extras like dental, optical, physiotherapy and chiropractic should provide all round cover for this couple.



YOUNG FAMILIES – NON OBSTETRICS:

This profile covers young to middle-aged couples with a young child or children, and who will not be extending the family. They are confident that they will not be needing obstetrics or IVF cover. These growing families still have a distinct need for a range of hospital and extras cover for both the parents and the growing children.



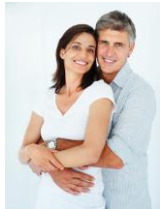
YOUNG SINGLE PARENTS:

This profile covers young to middle-aged single adults with a young child or children. They are confident that they will not be needing obstetrics or IVF cover. This family unit still has a distinct need for a range of hospital and extras cover for both the parent and the growing children.



ESTABLISHED SINGLE:

This profile covers mostly middle-aged to mature singles that have no longer have or never had dependent children. They are starting to think about cover they might have ignored when they were younger such as cardio-thoracic surgery. Dental, optical, physiotherapy and chiropractic cover are also important areas of extras cover.



ESTABLISHED COUPLE:

This profile covers mostly middle-aged to mature couples that have no longer have or never had dependent children. They are starting to think about cover they might have ignored when they were younger such as cardio-thoracic surgery. Dental, optical, physiotherapy and chiropractic cover are also important areas of extras cover.



ESTABLISHED FAMILIES:

This profile covers mostly middle-aged to mature couples with older but still dependent child or children. These families have stopped growing so no longer need cover for obstetrics and IVF. The parents are starting to think about cover they might need for their growing kids such as orthodontics but they are also thinking about other areas of cover they might have ignored when they were younger

such as cardio-thoracic surgery. Dental, optical, physiotherapy and chiropractic cover are also important areas of extras cover.



ESTABLISHED SINGLE PARENT:

This profile covers mostly middle-aged to mature singles with older but still dependent child or children. These families have stopped growing so no longer need cover for obstetrics and IVF. The parent is starting to think about cover they might need for their growing kids such as orthodontics but they are also thinking about other areas of cover they might have ignored when they were younger such as cardio-thoracic surgery. Dental, optical, physiotherapy and chiropractic cover are also important areas of extras cover.



MATURE SINGLES:

This profile caters to mature *singles* (both male and female) that no longer have or never had dependent children. We did not wish to draw a finite line as far as the age where maturity begins but this profile is now more concerned with areas of cover such as cardio-thoracic surgery, hip replacements or multi-focal lenses. Due to the natural processes of aging, their health insurance requirements differ from that of young singles. Dental, optical, chiropractic and physiotherapy are also important areas of Extras cover.



MATURE COUPLES:

This profile caters to mature *couples* that no longer have or never had dependent children. This profile is more concerned with areas of cover such as cardio-thoracic surgery, hip replacements or multi-focal lenses. Due to the natural processes of aging their health insurance requirements differ from that of young singles. Dental, optical, chiropractic and physiotherapy are also important areas of Extras cover.

STATE/TERRITORY AWARDS

Each fund's top performing policy per state/territory across all star ratings profiles are then aggregated to come up with the state/territory awards for all three product categories, (1) Hospital, (2) Extras and (3) Packages.

The State/Territory awards, are awarded in the following states/territories; Queensland, New South Wales/ACT, Victoria, Tasmania, South Australia, Western Australia and Northern Territory.

Each profile is given a weighting towards the state awards.

EXAMPLE:



Hospital Cover
Northern Territory



Health Insurance - Extras
Queensland



Hospital & Extras Package
Tasmania

Young Singles – 7.5%

Young Couples – Non Obstetrics – 7.5%

Young Couples/ Families – With
Obstetrics – 12.5%

Young Families – Non Obstetrics – 7.5%

Young Single Parents – 5%

Established Families – 10%

Established Single Parent – 5%

Established Single – 10%

Established Couple – 10%

Mature Singles – 12.5%

Mature Couples – 12.5%

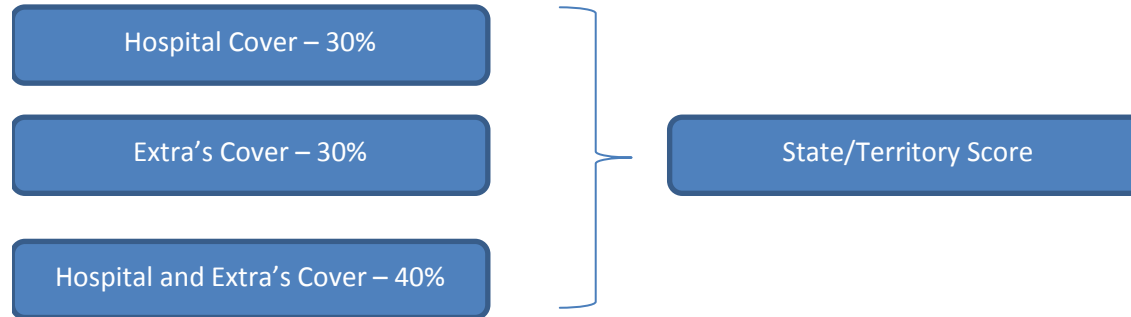
Hospital Cover – State/Territory

Extra's Cover – State/Territory

Hospital and Extras Package Cover
– State/Territory

NATIONAL AWARDS

Each fund's state/territory performance across the three product categories is then weighted to supply a state/territory score.



The state/territory scores are then weighted based on ABS population data. The national award is then awarded to the top three performing funds across Australia.



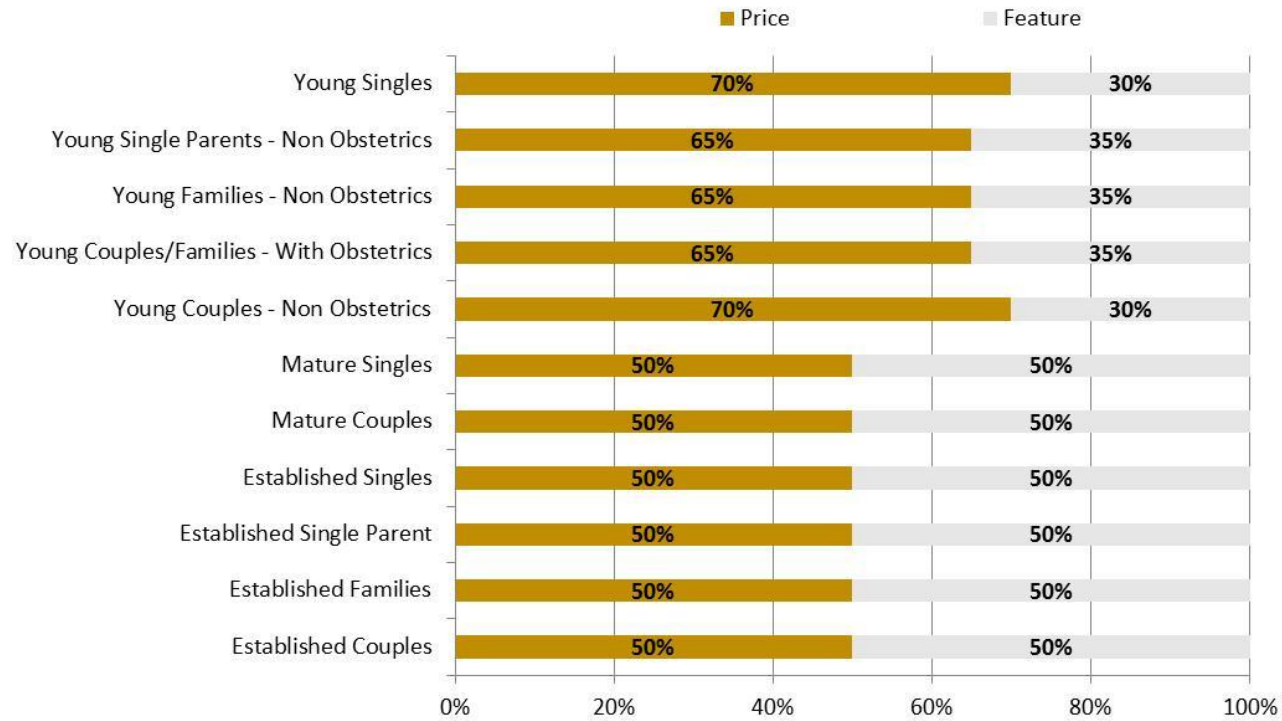
HOSPITAL COVER METHODOLOGY

Hospital cover products will be rated across 7 states and 11 profiles so that consumers from any demographic will be able to identify a short list of 5 star products that are best suited for their individual needs. Eligibility for each of the 77 State-Profile combinations will depend on product availability for the state and whether the insurance cover is for singles, single parents or couples & families. Products nominated for families are also eligible to be compared in the single parent profile in accordance with sales practices of the private health insurance industry.

OVERALL



OVERALL WEIGHTS



ELIGIBILITY REQUIREMENTS

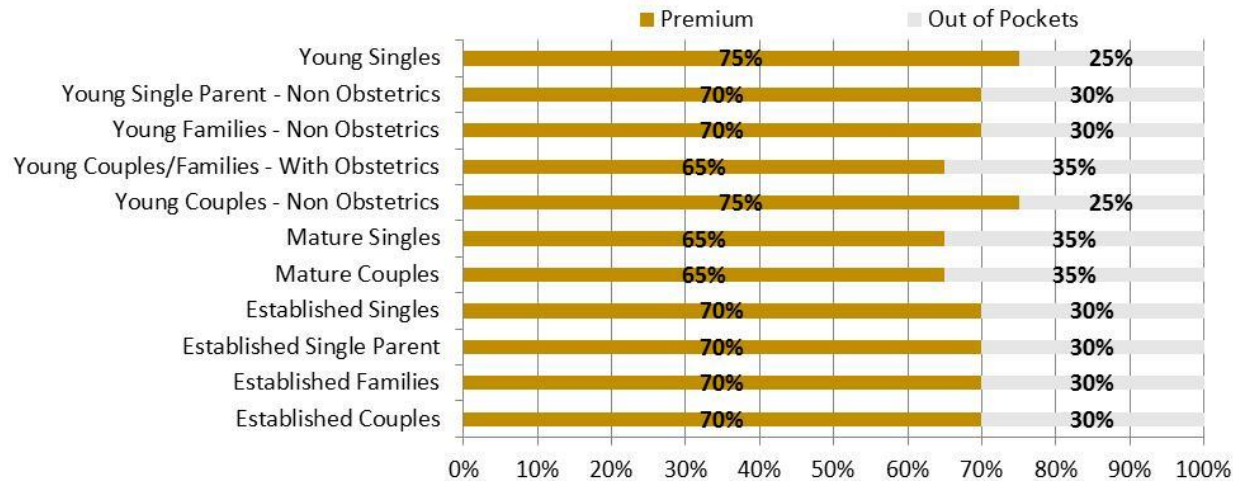
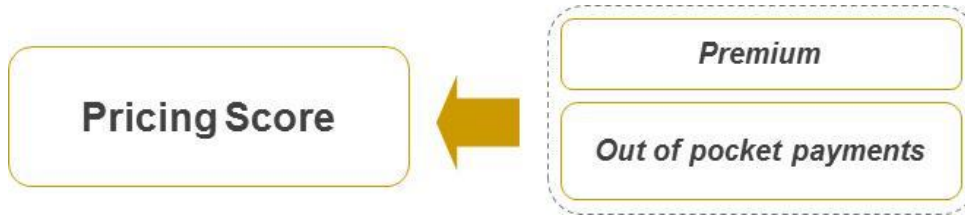
For a Hospital Policy to be considered in CANSTAR ratings it needs to meet the following criteria:

- Not be restricted to certain groups or a corporate policy;
- Cover a stay in a private hospital;
- Exempt the policy holder of Medicare Levy Surcharge;
- Available for new policy holders; and
- Be approved by PHIO.

- There are seven profiles which have a minimum level of comprehensive cover for a policy to be considered:

Profile Name	Cardiac	Joint Replacement	Obstetric
Established Families	✓		
Established Single Parent	✓		
Established Singles	✓		
Established Couples	✓		
Mature Couples	✓	✓	
Mature Singles	✓	✓	
Young Couples/Families - With Obstetrics			✓

PRICING SCORE



PREMIUM

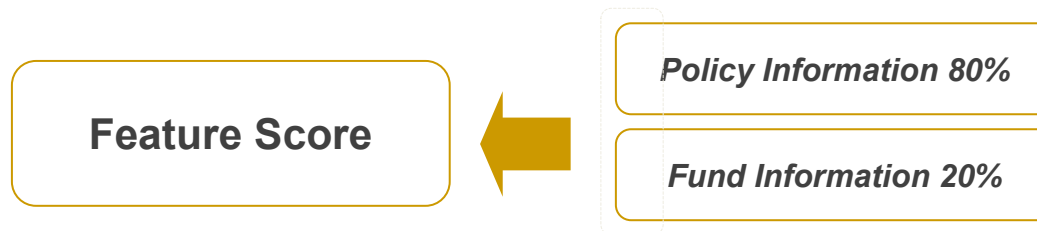
The base premium for hospital cover insurance products will be used as the main point of cost comparison. Peer products will be compared and the product with the lowest cost will be awarded the highest base premium score. All other peer products will be awarded a relative score based on how much more expensive they are (i.e. if a product costs twice as much as the cheapest, it will earn half the base premium score of the cheapest product).

OUT OF POCKET PAYMENTS

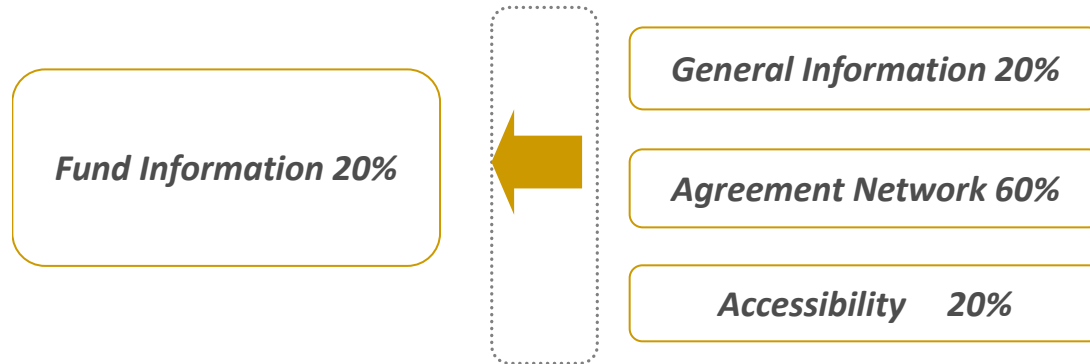
This is a scenario based assessments to assess the amount of excess or co-payment required for each hospitalisation. There are six scenarios used in the assessment:

Scenario	No of Admissions/year	Length of Stay/Admission
1	1	0 nights
2	3	0 nights
3	1	2 nights
4	3	2 nights
5	1	14 nights
6	3	14 nights

FEATURE SCORE



FUND INFORMATION

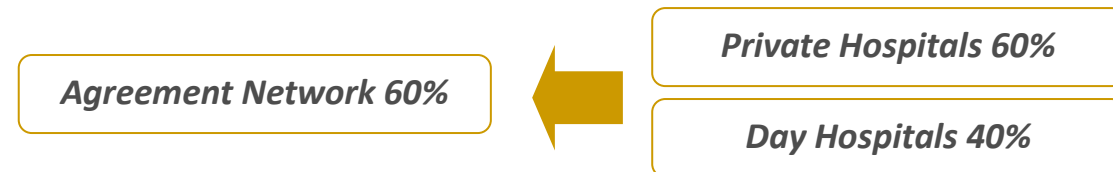


GENERAL INFORMATION



This section includes general information relating to the health fund. This includes but is not limited to online application, direct debit payments, payment frequencies and maximum age of dependents.

AGREEMENT NETWORK



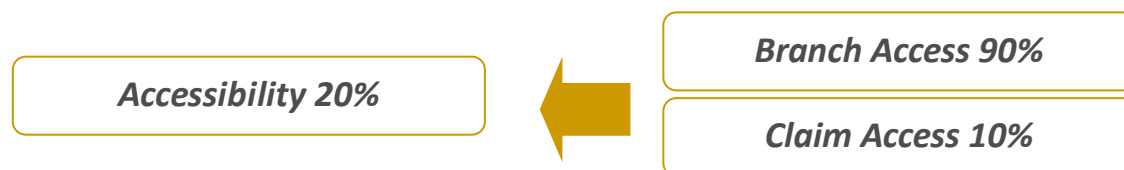
Agreement Private Hospitals

The number of agreement hospitals available in a state represents the level of choice a patient has in health care providers that will not charge a gap fee. For each State-profile combination, the number of no-gap hospitals for the relevant state will be compared against the number for other health funds to determine the no-gap hospital contribution to the star ratings score. The health fund that has the most total no-gap hospitals in that state will earn the maximum score (5%) towards all their eligible hospital cover products while all other health funds will be awarded a score based on their number of no-gap hospitals relative to the institution with the most no-gap arrangements.

Agreement Day Hospitals

The number of agreement day hospitals available in a state represents the level of choice a patient has in health care providers that will not charge a gap fee. For each State-profile combination, the number of no-gap day-hospitals for the relevant state will be compared against the number for other health funds to determine the no-gap day-hospital contribution to the star ratings score. The health fund that has the most no-gap day-hospitals in that state will earn the maximum score (5%) towards all their eligible hospital cover products while all other health funds will be awarded a score based on their number of no-gap day-hospitals relative to the institution with the most no-gap arrangements.

ACCESSIBILITY



Accessibility is measured across the following:

- Branch Access: The number of branches per state/territory;
- Claim Access: The points where a policy holder is able to claim outside of branches including phone, post, online and HICAPS.

POLICY INFORMATION

Hospital cover policies vary in the types of procedures that are insured. The table below lists some of the more common hospital inclusions and their relative importance to the various profiles.

INCLUSION WEIGHTS

Category	Young Single	Young Couple – non Obstetric	Young Couple/Family – with Obstetric	Young Family – non Obstetric	Young Single Parents	Established Family	Established Single Parent	Established Single	Established Couple	Mature Single	Mature Couple
Assisted Reproductive	3%	0%	5%	0%	0%	0%	0%	0%	2%	0%	0%
Cardiac	10%	10%	10%	13%	13%	15%	15%	15%	20%	24%	24%
Cataract Eye Lens	5%	8%	5%	5%	5%	5%	5%	10%	10%	19%	19%
Orthopaedic	20%	18%	10%	15%	15%	16%	16%	17%	16%	17%	17%
<i>Joint Replacement</i>	13%	13%	13%	13%	13%	40%	40%	40%	40%	83%	83%
<i>Reconstructions</i>	88%	88%	88%	88%	88%	60%	60%	60%	60%	17%	17%
<i>Spinal Fusion</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Obstetric	10%	0%	20%	0%	0%	0%	0%	0%	3%	0%	0%
Palliative	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Plastic Non Cosmetic	5%	6%	5%	6%	6%	5%	5%	5%	5%	4%	4%
Psychiatric	10%	10%	5%	10%	10%	10%	10%	10%	5%	4%	4%
Rehabilitation	2%	6%	5%	5%	5%	3%	3%	5%	5%	5%	5%
Renal Dialysis	5%	6%	5%	5%	5%	5%	5%	7%	5%	9%	9%
Sterilisation	0%	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Ear, Nose & Throat	10%	12%	12%	12%	12%	12%	12%	10%	10%	2%	2%
Colonoscopy	3%	6%	6%	10%	10%	10%	10%	10%	10%	10%	10%
Gastric Banding	5%	6%	3%	5%	5%	5%	5%	5%	3%	1%	1%
Wisdom Teeth	10%	10%	5%	10%	10%	10%	10%	2%	2%	1%	1%
Total:	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



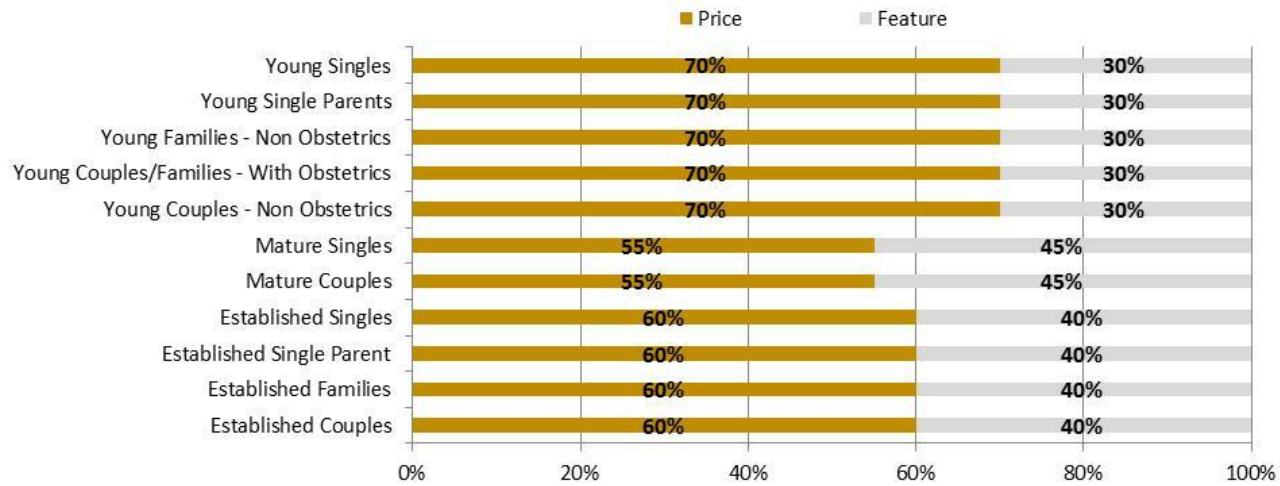
EXTRAS COVER METHODOLOGY

Extras cover products will be rated across 7 states and 11 profiles so that consumers from any demographic will be able to identify a short list of 5 star products that are best suited for their individual needs. Eligibility for each of the 77 State-Profile combinations will depend on product availability for the state and whether the insurance cover is for singles, single parents or couples & families. Products nominated for families are also eligible to be compared in the single parent profile in accordance with sales practices of the private health insurance industry.

OVERALL



OVERALL WEIGHTS



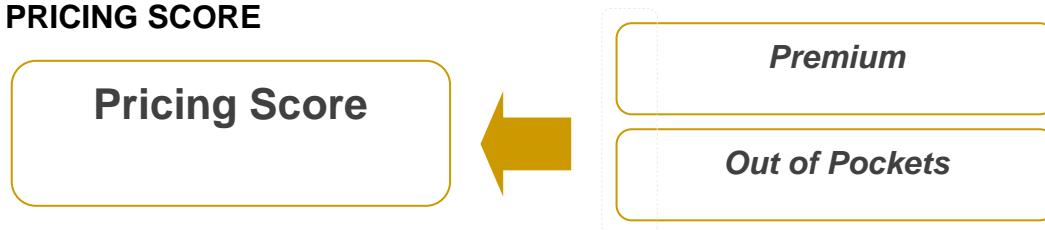
ELIGIBILITY REQUIREMENTS

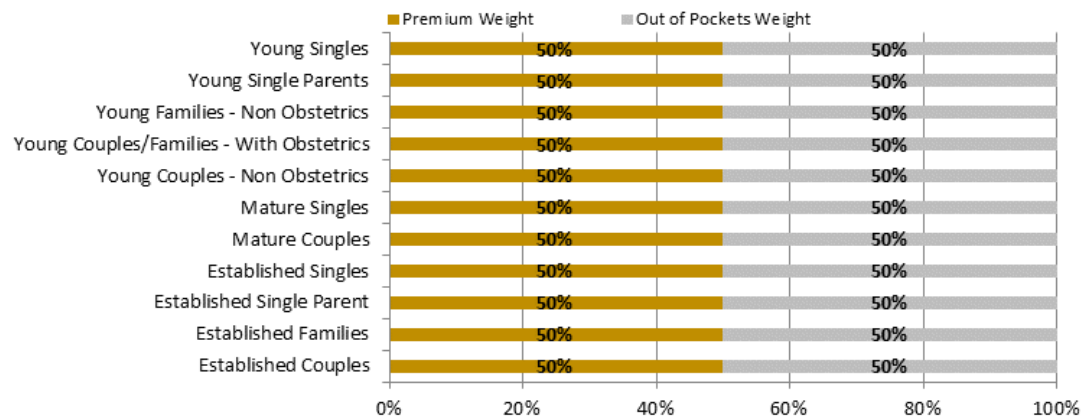
For an Extras Policy to be considered in CANSTAR ratings it needs to meet the following criteria:

- Not be restricted to certain groups or a corporate policy;
- Available for new policy holders; and
- Be approved by PHIO.

There are no individual profile eligibility requirements.

PRICING SCORE





PREMIUM

The base premium for extras cover insurance products will be used as the main point of cost comparison. Peer products will be compared and the product with the lowest cost will be awarded the highest base premium score. All other peer products will be awarded a relative score based on how much more expensive they are (i.e. if a product costs twice as much as the cheapest, it will earn half the base premium score of the cheapest product).

OUT OF POCKET EXPENSES

The Out of Pocket Expenses is a scenario based calculation. The calculation uses 100 hypothetical new policy holders who have met all the waiting period requirements and their use of Dental, Optical, Physiotherapy and Chiropractic over a 12 month period.

The policy holder usage is based on PHIAC data with the min/max usage based on the star ratings profiles. The cost for the services used is based on the national average cost.

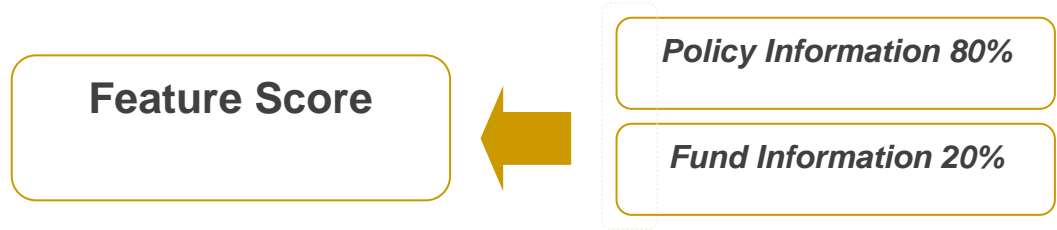
Where a health fund has network providers we have used their standard schedule costs for the proportion of their policy holders who use a network provider. Where a health fund does not have network providers the standard costing will be used in the calculations.

All limits are incorporated into the calculations including, item limits, sub limits, category limits and group limits.

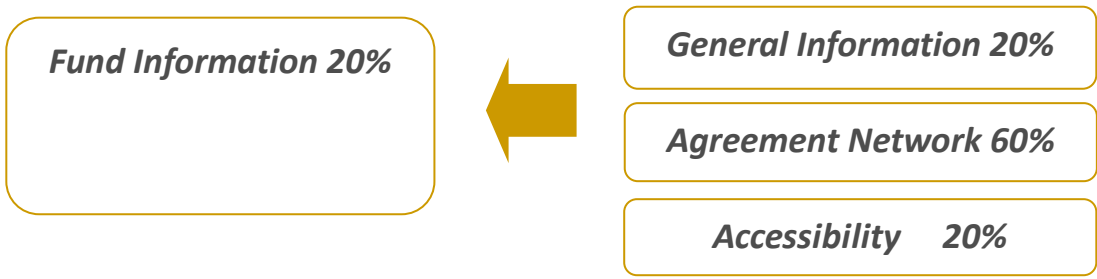
The total out of pockets is indexed for each of the 100 policy holders per policy. The 100 indexed scores are then averaged to provide a policy out of pocket score.

The policy with the greatest average out of pocket score will receive a full score and all other policies scores will be indexed.

FEATURE SCORE



FUND INFORMATION



GENERAL INFORMATION

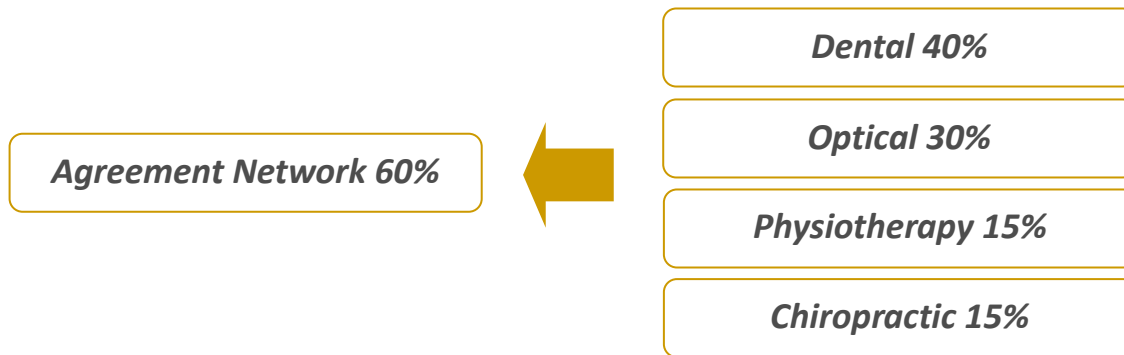


This section includes general information relating to the health fund. This includes but is not limited to online application, direct debit payments, payment frequencies and maximum age of dependents.

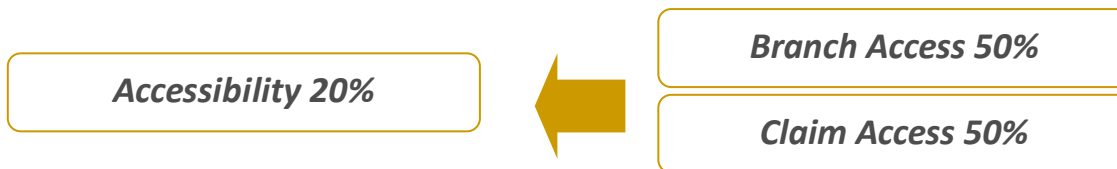
AGREEMENT NETWORK

The Agreement Network looks at the number of providers which a health fund has an agreement with. The fund with the greatest amount of agreement providers in a particular speciality will receive a full score and the remainder of funds will be indexed off the greatest amount.

PROPOSED



ACCESSIBILITY



Accessibility is measured across the following:

- Branch Access: The number of branches per state/territory;
- Claim Access: The points where a policy holder is able to claim outside of branches including phone, post, online and HICAPS.

POLICY INFORMATION

Extras cover policies vary in the types of services that are insured. The table below lists some of the more common Extras inclusions and their relative importance to the various profiles.

INCLUSION WEIGHTS

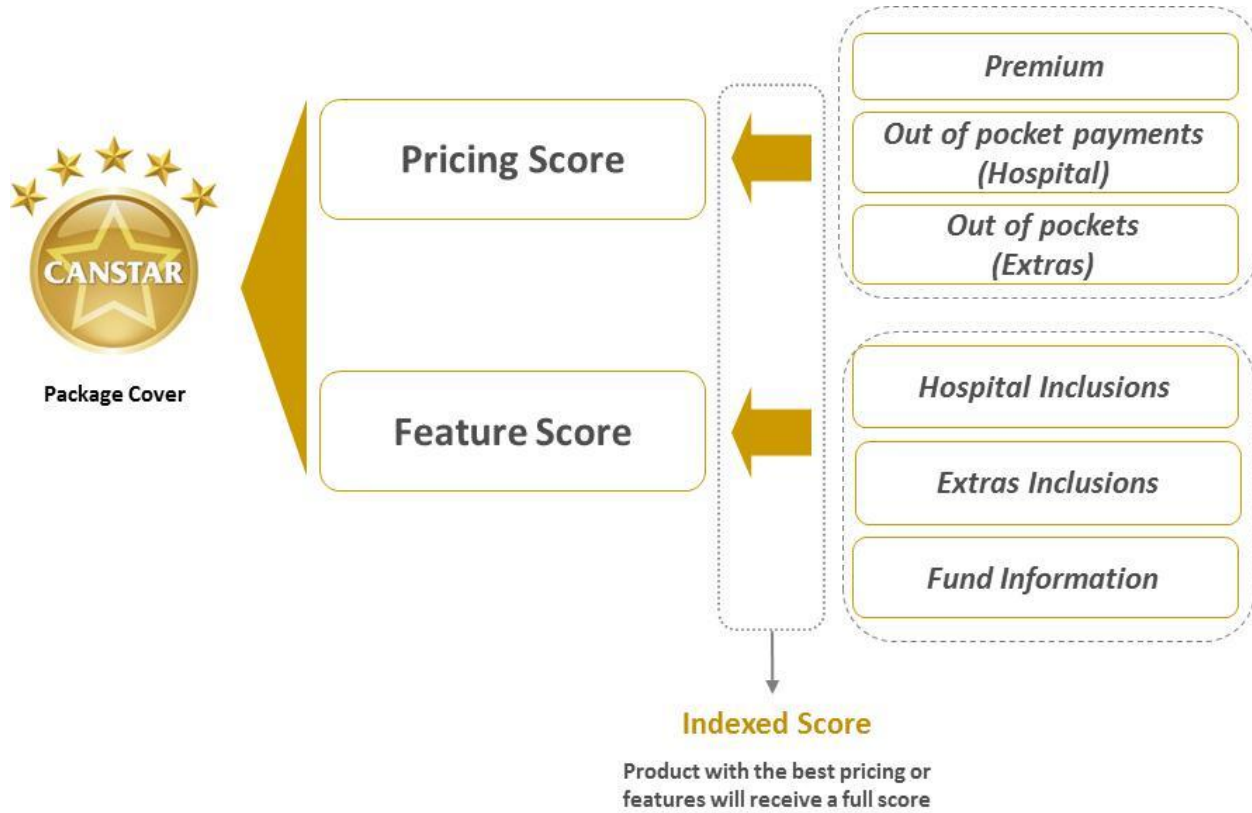
Category	Young Single	Young Couple – Non Obstetrics	Young Family – Non Obstetrics	Young Single Parents	Young Couple/Family – with Obst.	Established Family	Established Single Parent	Established Single	Established Couple	Mature Single	Mature Couple
General Dental	20.00	20.00	20.00	20.00	20.00	19.00	18.00	20.00	20.00	20.00	20.00
Major Dental	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	5.00	5.00
Orthodontic	5.00	5.00	5.00	5.00	5.00	10.00	10.00	3.00	3.00	2.00	2.00
Endodontic	2.00	2.00	2.00	2.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00
Optical	14.00	15.00	15.00	15.00	12.00	12.00	13.00	15.00	16.00	12.00	12.00
Chiropractic	14.00	13.00	14.00	14.00	15.00	12.00	12.00	14.00	15.00	11.00	11.00
Physiotherapy	14.00	13.00	14.00	14.00	13.00	12.00	12.00	14.00	13.00	15.00	15.00
Acupuncture	4.00	5.00	4.00	4.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00
Podiatry	3.00	3.00	2.00	2.00	2.00	4.00	4.00	4.00	4.00	10.00	10.00
Psychology	4.00	4.00	4.00	4.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Glucose Monitor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hearing Aids	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Ambulance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
NonPBS	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Massage	3.00	3.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Naturopathy	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00
Speech Therapy	1.00	1.00	2.00	2.00	3.00	1.00	1.00	1.00	1.00	1.00	1.00
Occup. Therapy	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wellness	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

PACKAGE COVER METHODOLOGY

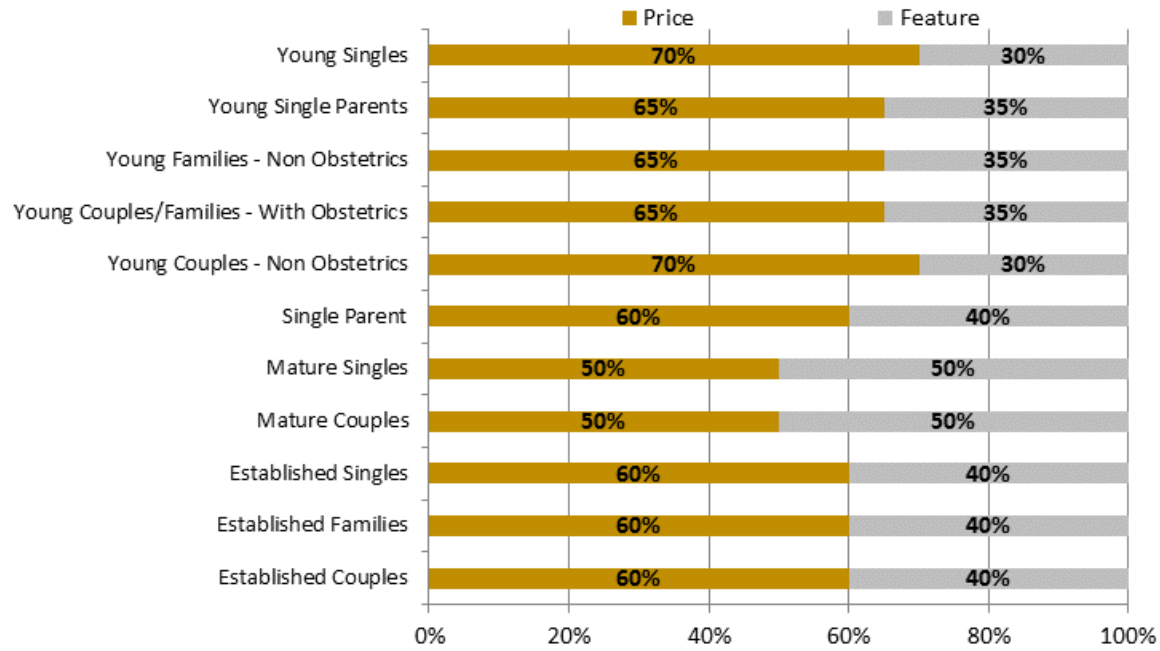
Packaged Hospital & Extras cover products are rated across 7 states and 11 profiles so that consumers from any demographic will be able to identify a short list of 5 star products that are best suited for their individual needs. Eligibility for each of the 77 State-Profile combinations depend on product availability for the state and whether the insurance cover is for singles, single parents or couples & families. Products nominated for families are also eligible to be compared in the single parent profile in accordance with sales practices of the private health insurance industry.



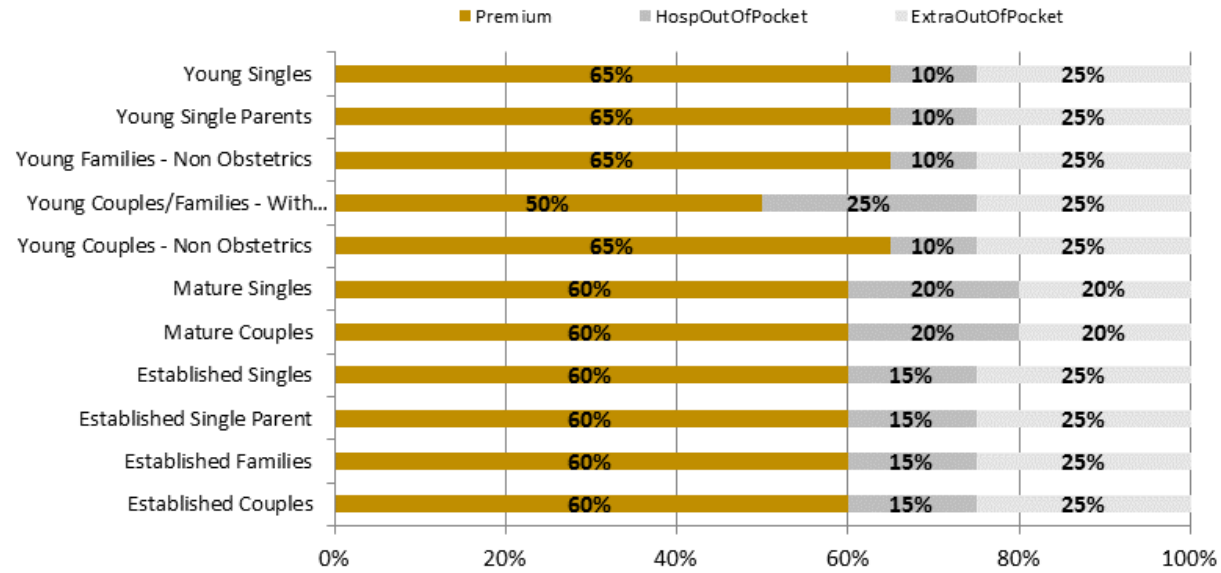
OVERALL



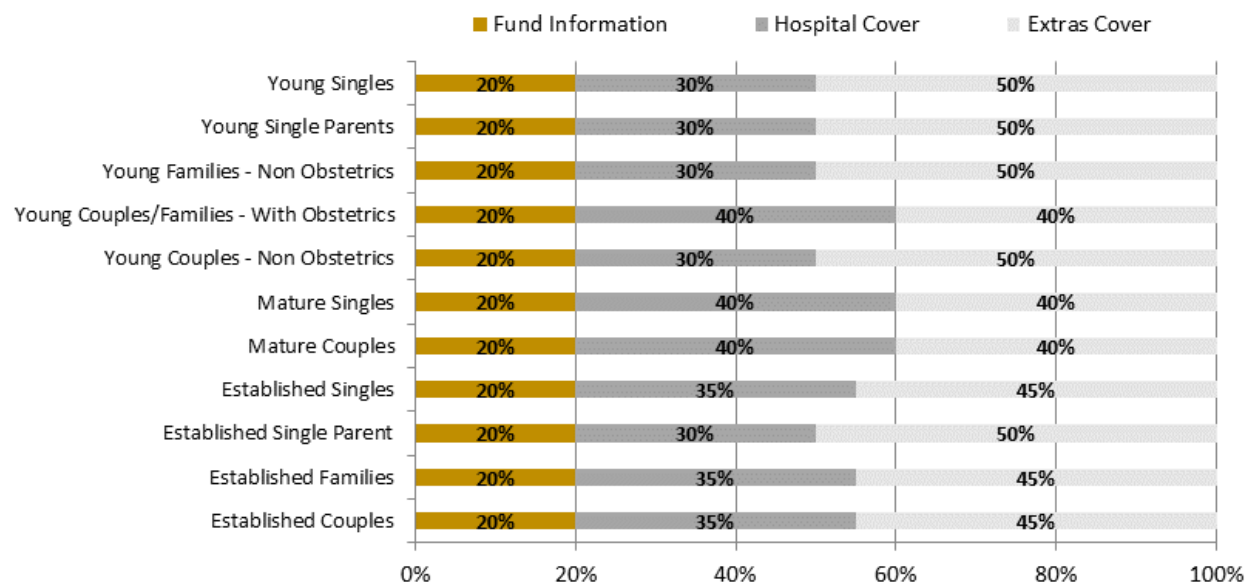
OVERALL WEIGHTS



PRICE WEIGHTS



FEATURE WEIGHTS



FUND ELIGIBILITY

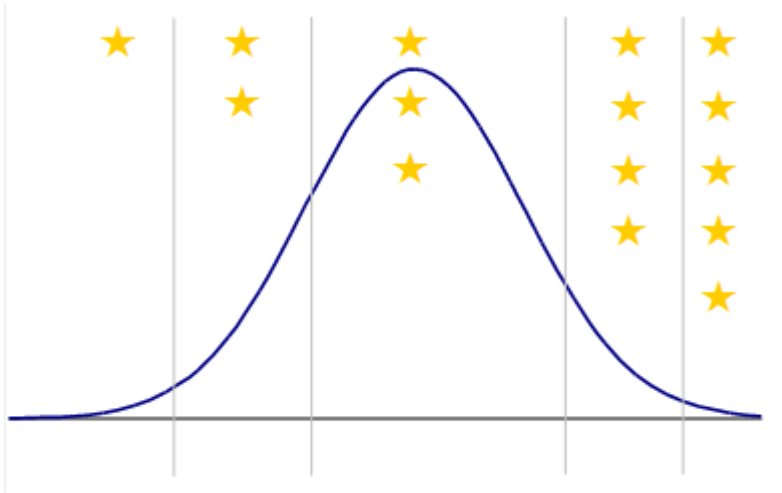
To be included in a states/territory star ratings a health fund (fund) is required to have a minimum market share of 0.4% in that particular state/territory or have a minimum of 5% of their total policies in that particular state/territory. Should a fund not meet either criterion it will be entered into its 'home state' only.

To be eligible for a state/territory award the fund will be required to have a minimum of 0.4% market share to eligible. Should a fund not be eligible for a state/territory award, that state/territory will carry a zero score towards the national award.

HOW ARE THE STARS AWARDED?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the CANSTAR 5-star rating. The results are reflected in a consumer-friendly CANSTAR star rating concept, with five stars denoting outstanding value.





HOW OFTEN ARE CANSTAR *health insurance* star ratings RE-RATED?

Products are officially re-rated every twelve months. The results are published in a variety of mediums (newspapers, magazines, television, websites etc)

DOES CANSTAR RATE OTHER PRODUCT AREAS?

CANSTAR researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR website at www.canstar.com.au if you would like to view the latest star ratings reports of interest.



- Account based pensions
- Agribusiness
- Business banking
- Business life insurance
- Car insurance
- Credit cards
- Deposit accounts
- Direct life insurance
- First home buyer
- Health insurance
- Home & Contents
- Home loans
- Life insurance
- Managed investments
- Margin lending
- Online banking
- Online share trading
- Package banking
- Personal loans
- Reward programs
- Superannuation
- Term deposits
- Travel insurance
- Travel money card
- Youth banking

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