



HEALTH INSURANCE STAR RATINGS

IN THIS REPORT:

We research & rate hospital, extras and packaged private health insurance to uncover outstanding value insurers

WHY HAVE PRIVATE HEALTH INSURANCE?

Private health insurance gives you the peace of mind of knowing that you and your family will be covered, should any health problems crop up.

It means you circumvent public hospital waiting lists which, for an elective operation in a public hospital, can be lengthy. In addition to this waiting period, operations are put in order of priority; meaning that you may need to wait for an operation, only to be told that it has been pushed back for another patient whose situation is more critical.

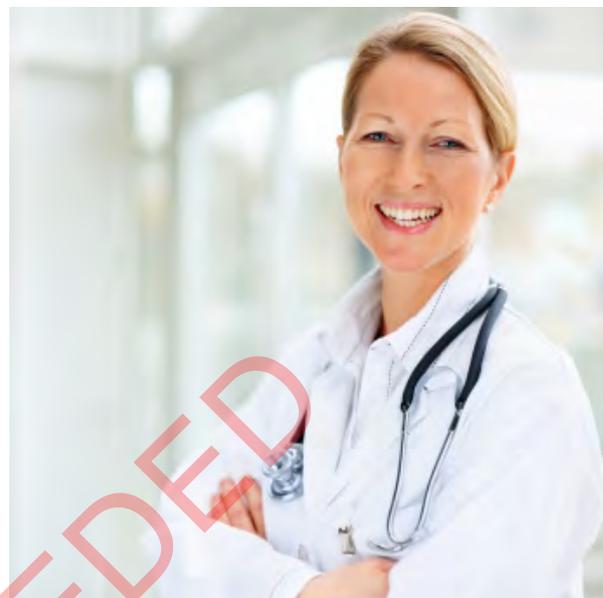
Private health members enjoy a waiting period that is substantially less and can sometimes be immediate. Those with private health insurance also have the security of a 'locked in date', meaning that their operation will not be pushed back due to another patient's needs.

Finally, with private health insurance you can select your preferred doctor or surgeon to carry out an operation. However in a public hospital, your doctor will be the one on duty at the time of your operation.

LEARNING THE LANGUAGE

Health rebates, Medicare levy surcharge, lifetime health cover, waiting periods, private, public, restricted – what does it all mean? To the uninitiated, the health insurance system in this country can be confusing, to say the least. It changes regularly, due to premium increases, government intervention in rebate rules and changes in the consumer's own life stages which may require altered levels of cover.

CANSTAR CANNEX demystifies the world of private health insurance by researching the sector every year



and awarding star ratings to products of merit. In this, our third health insurance star ratings, we identify products and insurers who offer outstanding value in eight common profiles.

These profiles are:

- Young singles
- Single parents
- Young families/couples (with obstetrics)
- Young couples (no obstetrics)
- Young families (no obstetrics)
- Established families
- Mature singles
- Mature couples

We looked at 1,200 products across three different coverage sectors – hospital, extras and packages. The latter consists of hospital and extras cover rolled into one, as many of these products are not available as stand-alone products.

As well as comparing the health cover according to profile, we also looked at how things differ in each state and territory of Australia to give consumers a more accurate snapshot of the cost of private health cover close to home.

We did not include closed funds in our study as the general public cannot join up. Closed funds are usually provided exclusively to members of an organization or those who work for a specific employer.



FUNDS TRIUMPH AGAIN

This year's health insurance comparison has resulted in a repeat of last year's major winners. **HCF**, **MBF** and **Medibank Private** have retained their status as providing Outstanding Value Health Insurance overall in Australia. This is no mean feat and proves the value of consistently good products offered by these three giants of the health insurance industry.

To find the fund that offers outstanding value private health insurance across Australia, we examined over 11,000 quotes from over 1,200 products and compared them against eight profiles across seven states and territories.

Some health insurance funds did better for specific product lines, states or profiles, depending on their area of focus. The major funds didn't have it all their own way, as a diverse range of names popped up in the final results of funds offering the best value in the different states.

While undertaking this major research, CANSTAR CANNEX noted the strength and competitiveness of the private health insurance industry in this country. We congratulate all finalists for their achievements state-wide and nationally.



STATE AWARDS 2010

STATE	HOSPITAL	EXTRAS	PACKAGES
NSW/ACT	HCF	MBF	Westfund
NT	Medibank Private	MBF	MBF
QLD	CUA	GMHBA	Westfund
SA	Health Partners	NIB	NIB
TAS	Medibank Private	MBF	NIB
VIC	GMHBA	HBA	Peoplecare
WA	Central West	GMHBA	Central West

WHICH STATES COST MORE?

Premiums for private health insurance are governed by the cost of medical care in each state, the number of people in funds and the number of claims made in each state. Hence there are mostly only slight variances in the average premiums paid according to different states.

We compared the average premiums for families across hospital, extras and packaged cover to see which state/territory was paying the least and most. The Northern Territory once again has the lowest cost health insurance in Australia when it comes to Hospital and Packaged cover. While Victoria, Queensland and South Australia came in at 1st, 2nd and 3rd respectively for the highest cost Hospital and Packaged cover. Victorians on average would be paying \$536 more annually than their Northern Territory counterparts for packaged cover.



Average Annual Premiums - Family Policies



GET YOUR TEETH INTO IT



Many Australians (approximately 50%) choose not to or cannot afford to take out private health insurance. Medicare and the public hospital system and many medications subsidized by state and federal government go some way to meeting their needs. This means that a patient can see a GP, have surgery in a public hospital and receive medication all for little or no cost.

However, don't get a toothache. While a visit to your local GP might be covered by Medicare, a simple visit to your dentist is not. Even the most basic of treatments such as a check up or clean and scale is not covered unless you are a teen or have a chronic condition that is affecting your general health.

If you don't have private dental insurance (and 48% of us don't) you have 2 options, they are to pay in full or visit a state run public dental clinic. You may however find that the public dental clinics are only available to pension or concession card holders. Even if you do get in for an assessment it may take some time to be treated so be prepared. It is estimated that in excess of 500,000 Australians are on a dental waiting list and the average waiting period is in excess of 27 months.

An unfortunate consequence of this is that the incidence of oral disease is more frequent and more severe among people who are eligible for public dental care and therefore were economically disadvantaged, according to The National Survey of Adult Oral Health (2004–06).

The government is now taking the problem seriously. At least it was, until the election got in the way! Discussion on the 'Denticare' concept, as it was called in the media was starting to gain momentum. However, the cost to the government, and therefore taxpayers, of \$4.8 billion per year is likely to see the project shelved for a length of time.

Until then if you do get a toothache and have no dental private health insurance, then it's better if it happens in the southern states. Statistics from the Private Health Insurance Ombudsman show that the Northern Territory is generally more expensive for many dental services and can be up to 30% higher than the national average for some services.

Table 1 - Average dental charges for privately insured services during 2009-2010

Description	NSW/ACT	NT	QLD	SA	TAS	VIC	WA
Periodic oral examination	\$47.91	\$53.45	\$45.94	\$45.19	\$50.81	\$45.12	\$46.85
Removal of plaque	\$51.11	\$64.98	\$49.88	\$52.25	\$50.23	\$46.46	\$54.65
Removal of calculus	\$90.38	\$114.56	\$91.55	\$93.57	\$89.12	\$90.27	\$93.52
Removal of a tooth	\$136.50	\$146.49	\$136.77	\$120.48	\$147.04	\$128.10	\$134.86
Full crown	\$1,299.25	\$1,381.12	\$1,352.38	\$1,271.41	\$1,388.45	\$1,323.96	\$1,247.76

Source: <http://www.privatehealth.gov.au/healthinsurance/whatiscovered/averagedental.htm>

MEDICARE LEVY SURCHARGE EXPLAINED



The Medicare levy surcharge (MLS) is an additional charge applied to Australians who have an annual income over a certain amount and do not have private hospital cover. The MLS was put in place to reduce the burden on the public hospital system by syphoning users over to the private

system through health insurance policy holders.

MLS is charged at 1% of total taxable income if private health insurance cover has not been taken out, providing you meet the following criteria:

- Single Person – earning over \$77,000; or
- Family or couple with a combined taxable income of \$154,000 (increasing \$1,500 for each dependent child after the first one).

Should private hospital cover be taken out after July 1 of a financial year, the surcharge will only be charged on the period in which there wasn't cover e.g. if cover is taken out on 1/10/2010, you would only be covered for 273 days and the surcharge would be calculated on the 93 days where there was no cover.

Note the Medicare Levy Surcharge is in addition to the Medicare Levy of 1.5% which most Australians already pay.

WHAT ARE HEALTH REBATES?

In January 1999, the Australian government introduced the private health insurance tax rebate (PHIR). The rebate is applied across both forms of cover being hospital and extras. The rebate is not means tested but calculated based on the age of the policy holder.

The relevant rebates are outlined below:

- Under 65 years of age: 30%
- 65-69 years of age: 35%
- 70+ years of age: 40%

To put that in real terms, if a premium is \$100 a month and you are under 65, you will pay only \$70. Depending on which health fund you are with, the rebate will be automatically factored into your health insurance premiums. If not, the rebate can be claimed in your tax return.

During the term of the last federal government, legislation was introduced to means test the 30% Private Health Insurance Rebate. The legislation was however defeated in the Senate. It remains to be seen if the legislation is reintroduced so make sure you follow this closely.

HOSPITAL PAYOUT FIGURES

During the June 2010 quarter, insurers paid \$2.3 billion in hospital treatment benefits, an increase of 7.2% compared to the March 2010 quarter.

Hospital treatment benefits were comprised of:

- ◇ \$1,636 million for hospital services such as accommodation and nursing
- ◇ \$363 million for medical services
- ◇ \$338 million for prostheses items
- ◇ \$2.4 million for nursing home type patients.

Source: Private Health Insurance Administration Council, *Quarterly Statistics June 2010*, PHIA, Canberra, 2010

EXTRAS (ANCILLARY) PAYOUT FIGURES

During the June 2010 quarter, insurers paid \$780 million in general treatment (extras, ancillary) benefits. This was a decrease of 2.7% compared to the March 2010 quarter.

Extras (ancillary) benefits for the June quarter included the major categories of:

- ◇ Dental \$402 million
- ◇ Optical \$127 million
- ◇ Physiotherapy \$65 million
- ◇ Chiropractic \$57 million.

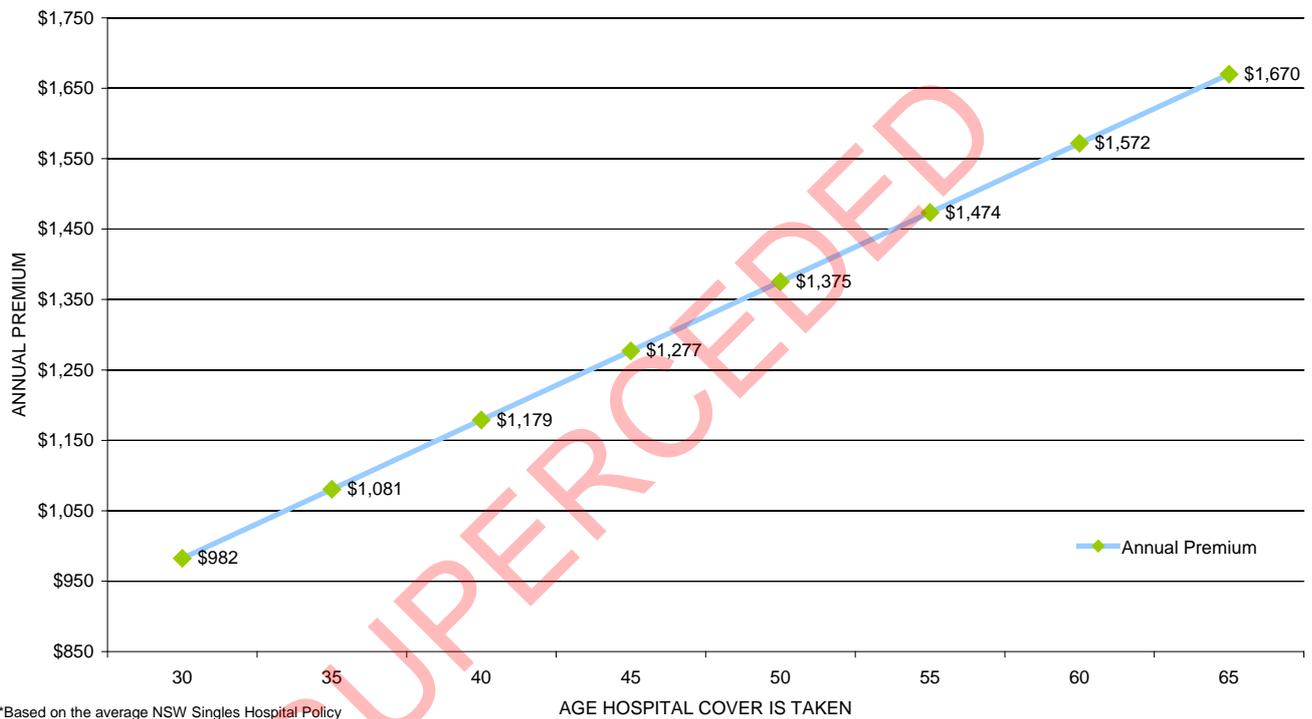
Source: Private Health Insurance Administration Council, *Quarterly Statistics June 2010*, PHIA, Canberra, 2010

HOW LIFETIME HEALTH COVER WORKS

As with the Medicare levy surcharge and the private health Insurance rebate, Lifetime Health Cover (LHC) is in place to encourage young people to take out health insurance and, in doing so, reduce the burden on the public health system. The 'encouragement' comes in the form of a 2% increase in premiums per year for every year after your 30th birthday that you don't take out private health insurance. For example – a person who does not have health insurance and joins a fund when they are 40 years of age will pay a premium loading of 20% (10 years multiplied by 2%). Provided they remain covered, that loading does not increase with age – it will stay at 20%.

The 'continuity' benefit is transferable between funds and allowance is made for small gaps in cover. The maximum loading is 70% and that loading would apply to anyone who first takes out health insurance at age 65 or more. The loading is removed once a person has held private health insurance for 10 years.

LIFETIME HEALTH COVER EFFECT ON PREMIUMS



There are exceptions or considerations to special circumstances which apply to the LHC rule:

- persons born before 1 July 1934 are exempted from the loading rule;
- persons overseas on July 1 2000 or who turned 31 while overseas are exempted from the LHC rule if cover is purchased prior to the first anniversary of their return to Australia;
- A period of 1094 days of leeway is provided from when, (1) a policy is moved between one provider to another, (2) cancelling of a policy due to moving overseas as long as it is for one continuous year;
- New migrants are exempted from the LHC as long as cover is taken out within 12 months of being registered for Medicare.

WAITING, WAITING, WAITING ...

When taking out new cover, whether it is your first health insurance policy or you are adding a new service to your existing policy, waiting periods will apply. Waiting periods are in place to discourage "fly by" policy holders who take out cover, obtain the benefit and then cancel the policy. Unlike other insurances, pre-existing conditions will not increase premiums nor restrict ability to obtain health insurance, however, waiting periods will still apply.



Waiting periods vary across funds, as do the services offered. Typically, lower cost services such as general dental, optical and physiotherapy will have shorter waiting periods. Services such as certain hospital cover and extras benefits such as obstetrics will have longer waiting periods. During the waiting period the full cost to access these services will have to be paid by the policy holder.

Although there are waiting periods in place with some hospital services, in the event of an accident, the fund may cover the costs as per the policy during the waiting period.

The nature of health legislation increases the portability of health fund policies. This means that you can change health insurers without having to sit it out for another waiting period, provided you have already fulfilled the required waiting period with your previous provider. Of course, if a new service or cover is added, you will still be subject to a new waiting period, if one is required.

HEALTHY HEART-STARTER

To include cardiac or not? That's the dilemma you face when putting together a health insurance policy. Many young people, in particular, can't identify with heart disease. After all, isn't it something that happens to the "oldies"? The sobering facts are, however, that cardiac problems happen to people of any age.

The adage of "I am too young to worry about that" is, unfortunately, not quite correct. Cardiac problems are becoming increasingly commonplace among people of all ages and from all walks of life. In 2008 alone, the underlying cause of death for 22,874 Australians from the age of 25 upwards was heart disease, including angina, blocked arteries and heart attacks.

Granted, heart problems are more prevalent in older Australians. In fact, heart disease is the biggest killer of people over 65 years of age. However, cardiac cover in health insurance policies is pretty much an essential for everyone, regardless of age because it focuses on the prevention as well as the treatment of heart problems.

We strongly believe cardiac cover should be a compulsory requirement of all policies offered to established family and mature profiles, even more so for people with a family history of heart disease. That's why CANSTAR CANNEX has added cardiac cover to the profiles mentioned for the policy to be included in our ratings. Amongst the policies, cardiac cover is weighted the highest when looking at the level of cover each policy offers.

HOW TO REDUCE YOUR PREMIUM

Premium reduction across any form of insurance is generally associated with a reduction of cover. Health insurance is no different. With health insurance, it all boils down to paying for the services you require now or may in need in the future. Vague? Yes, but with wildly differing individual circumstances, there is no one rule for everybody.

Even so, there are ways to save by looking carefully at unnecessary coverage. An example of this would be for an established family with no further plans for more children. Is there still a need for obstetrics or reproductive assistance? Unless there is a change of heart or a little, unplanned miracle turns up, the answer would be no. This will, of course, mean that you have to find a policy with the other inclusions you want but not obstetrics cover.

Another example would be in Extras Cover, if you find yourself only utilizing the dental portion of your policy

At the end of the day, health insurance is a personal risk assessment over what services can be confidently removed due to the remoteness that they will be required.

The two traps to look out for when deleting areas of cover are:

- Waiting periods may apply again if you add the deleted services to your policy in the future
- Full costs will apply if you find you unexpectedly need to use a service you had previously deleted.

If you would prefer to maintain your current level of cover yet still reduce the premium there are a couple of options available. Stay with your current fund and increase your excess to reduce the monthly premium. This means that you will pay more if you need to go to hospital, so it is a trade off for the lower monthly premium.



The other option which is always open is to shop around. There is no shortage of options with health insurance providers and, just like any other financial product, your policy should be reviewed and altered, if necessary, on a regular basis.

HEALTH FUNDS GO HI TECH

Finding your fund's closest branch, healthcare providers or even making claims has just gotten easier. Both MBF and NIB have launched iPhone applications which assist their policy holders to locate their nearest dentist, chiropractor etc. NIB has taken technology an extra step, allowing users to make claims through the application, with claims being paid within 2 days. There is still a need to provide original receipts but the convenience, at least for iPhone users, has been enhanced.

HAVE POLICY, WILL NOT TRAVEL

If you're planning a trip overseas and you already have health insurance in Australia, there's no need to take out travel insurance. Wrong, wrong, wrong. Private health insurance is only applicable within the borders of Australia. Should a policy holder become ill or be involved in an accident overseas, private health insurance will not provide any coverage. Medicare, too, is confined to our borders and will not be of any assistance to travelers.



Health forms only part of travel insurance which covers other areas such as loss of luggage, cancelled flights, medical evacuation and repatriation etc. There are, however, health policies which will cover the costs for pre-travel injections e.g. Hepatitis A, B and C.

So if you are going overseas, it is strongly recommended that you take out an appropriate travel insurance policy. Health treatment in other countries can be horrendously expensive so the peace of mind of having a travel insurance policy in place before you set off is well worth it.

Also, if you are thinking of suspending your health insurance for the duration of an overseas trip, this could leave you liable for Medicare Levy Surcharge. A suspension is taken as a period of no cover so, if applicable, the MLS will be charged on the days which the policy is suspended. You also run the risk of not being covered for the illness or accident you sustained overseas when you return to Australia.

HOW TO USE CANSTAR CANNEX STAR RATINGS

The third annual star ratings of health insurance by CANSTAR CANNEX was a mammoth effort, way beyond the scope of ordinary consumers. That's why the report is so important and an immensely valuable resource for those who are serious about comparing health funds and products.

In looking up the best cover for you or to check out how your current health fund rates, an added bonus is that you'll find out a lot more information along the way, thanks to stories, hints and tips, comments and video clips on www.canstarcannex.com.au

The first thing to do is check what profile would best describe you, then go straight to your state of residence and the profile you have chosen. You will then bring up our Five Star Summary of five star products in all three categories of cover - Hospital, Extras and Hospital & Extras Packages.

This provides a short list of products to investigate further. Don't discount four star products, though. It may be that you require features that are necessary for you but are more expensive such as orthodontic, psychology or blood glucose monitoring. These and other expensive features may not necessarily be offered in the five star products but are still offered in plenty of good, fully featured products rated at four stars and below. You just need to know what features are important to you and search them out.

Health cover is not a one-size-fits-all but the CANSTAR CANNEX star ratings are as close as you can get to a complete and fair comparison of all products, right down to providing the average monthly premium associated with each product.

LIKE TO KNOW HOW WE DID IT?

For more in-depth information on how we conducted this report, read our methodology on the health insurance page at www.canstarcannex.com.au

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SUPERCEDED



HEALTH INSURANCE STAR RATINGS

AWARDS TO INSTITUTIONS

These titles are awarded to institutions based on their star ratings performance across the Hospital, Extras and Packaged Hospital & Extras star rated categories.



**Hospital
Cover**

**Extras
Cover**

**Package
d Cover**

**CANSTAR
CANNEX
health insurance
star ratings**



- 8 states & territories
- 8 consumer profiles

AWARDS TO PRODUCTS

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.

SINGLE PARENTS: This profile covers single young to middle-aged adults with a dependent child or children. These families for the purpose of our star ratings will be considered to have stopped growing and so cover for obstetrics and IVF are not that important. Being young to middle-aged, this profile is not yet concerned about cover for hip replacements and multi-focal lenses but is interested in having a basic safety net hospital cover as well as dental, optical, physiotherapy and chiropractic.



YOUNG FAMILIES / COUPLES (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 (NO 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 (NO 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.

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.





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.



METHODOLOGY

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 CANNEX star ratings.

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

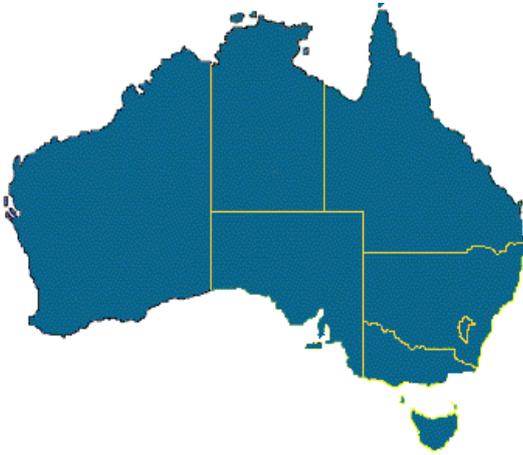
HOSPITAL COVER METHODOLOGY

Hospital cover products will be rated across 8 states and 8 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 64 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.

SUPPLEMENTED

CANSTAR CANNEX Health Insurance star ratings

HOSPITAL COVER



YOUNG SINGLES

YOUNG COUPLE - NO OBSTETRICS

YOUNG COUPLE/FAMILY- WITH OBSTETRICS

YOUNG FAMILY- NO OBSTETRICS

SINGLE PARENTS

ESTABLISHED FAMILIES

MATURE SINGLES

MATURE COUPLES

8 STATES / TERRITORIES

X

8 PROFILES

The lion's share of the overall star ratings score will be contributed by the cost component of the value equation (which varies between 60% & 70% depending on the profile [see TABLE 1]). This cost component is made up by the up-front cost of insurance in the form of the base premium as well as per use costs such as excess and co-payments. The remaining contribution is made by the features score which is derived from the 3 features sub-categories shown below.

New Methodology

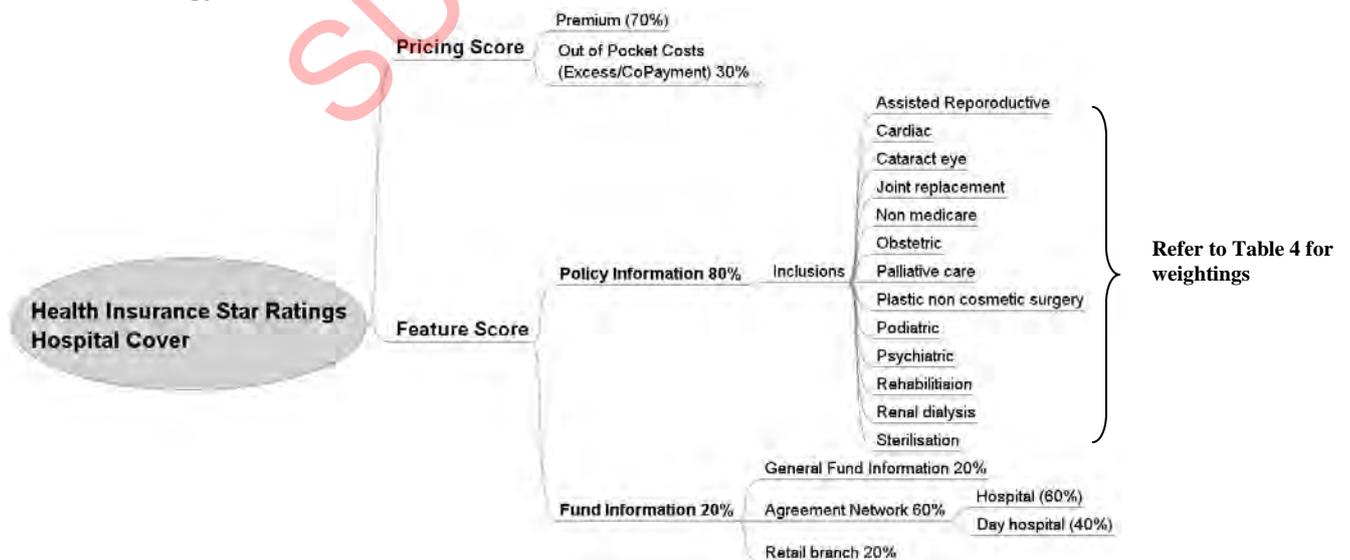


TABLE 1

Price-Feature Weightings – Hospital Cover			
Profile Name	Category Description	Price	Feature
Established Families	Two adults & dependant(s)	50%	50%
Mature Couples	Two adults	50%	50%
Mature Singles	One adult	50%	50%
Young Couples - Non Obstetrics	Two adults	70%	30%
Young Families - Non Obstetrics	Two adults & dependant(s)	65%	35%
Young Couples/Families - With Obstetrics	Two adults & dependant(s)	65%	35%
Single Parents	One adult & dependant(s)	70%	30%
Young Singles	One adult	70%	30%

PROFILE REQUIREMENTS

TABLE 2

Hospital Cover - Minimum requirements			
Profile Name	Cardiac	Joint Replacement	Obstetric
Established Families	✓		
Mature Couples	✓	✓	
Mature Singles	✓	✓	
Young Couples/Families - With Obstetrics			✓

PRICING SCORE – HOSPITAL COVER

PREMIUM (70%)

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 COSTS (30%)

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

TABLE 3

Out of Pocket Costs Scenarios		
Scenario	No of Admissions/year	Length of Stay/Admission
1	1	1 day
2	3	1 day
3	1	15 days
4	3	15 days

FEATURE SCORE – HOSPITAL COVER

POLICY INFORMATION (80%)

Inclusions

Hospital cover policies vary in the types of procedures that are insured. TABLE 4 lists some of the more common hospital inclusions and their relative importance to the various profiles.

Each hospital insurance product is against this list of inclusions to see if they cover those procedures identified as being important for each profile. This means that some categories contribute more to the inclusions score than others. Products are awarded full points for each inclusion category covered while restricted cover only earns half as many points. Those hospital products that include cover for all the listed inclusions categories will be awarded the maximum inclusions score.

TABLE 4

Inclusion Weights (%) – Hospital Cover								
Category	Young Single	Young Couple – non Obstetric	Young Couple/Family – with Obstetric	Young Family – non Obstetric	Established Family	Single Parent	Mature Single	Mature Couple
AssistedReproductive	0	0	10	0	0	0	0	0
Cardiac	15	15	5	10	30	20	20	20
CataractEyeLens	5	5	0	5	5	5	10	10
JointReplacementAll	10	10	5	10	10	10	15	15
NonMedicare	5	5	5	5	5	5	5	5
Obstetric	0	0	15	0	0	5	0	0
Palliative	10	10	10	10	5	10	5	5
PlasticNonCosmetic	5	5	5	5	5	5	5	5
Podiatric	10	10	10	10	10	10	10	10
Psychiatric	20	20	15	10	5	10	10	10
Rehabilitation	10	10	10	20	10	10	5	5
RenalDialysis	10	10	5	5	5	5	10	10
Sterilisation	0	0	5	10	10	5	5	5

FUND INFORMATION (20%)

Fund General Information

Includes information relate to health fund providers, eg. website, purchase online, definitions, etc.

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.

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.

Retail Branches – measures level of accessibility of health fund across different states.

EXTRAS COVER METHODOLOGY

Extras cover products will be rated across 8 states and 7 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 56 State-Profile combinations will depend on product availability for the state and whether the insurance cover is for singles, single parents or couples & families.

CANSTAR CANNEX Health Insurance star ratings

EXTRAS COVER



- YOUNG SINGLES
- YOUNG COUPLE
- YOUNG FAMILY
- SINGLE PARENTS
- ESTABLISHED FAMILIES
- MATURE SINGLES
- MATURE COUPLES

8 STATES / TERRITORIES

X

7 PROFILES

Overall Methodology

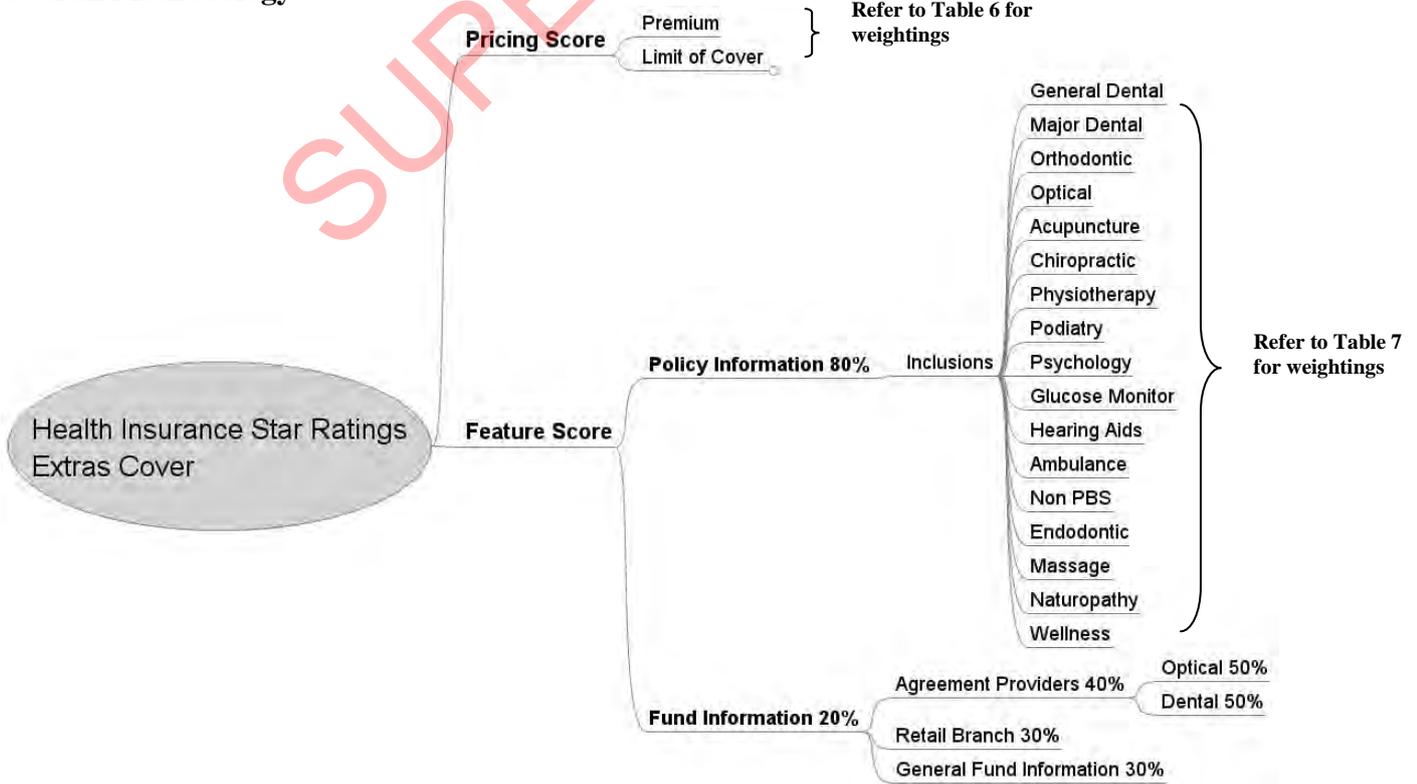


TABLE 5

Extras Cover – Price Feature Weightings

Profile Name	Category Description	Price	Feature
Established Families	Two adults & dependant(s)	60%	40%
Mature Couples	Two adults	55%	45%
Mature Singles	One adult	55%	45%
Young Couples	Two adults	70%	30%
Young Families	Two adults & dependant(s)	70%	30%
Single Parents	One adult & dependant(s)	70%	30%
Young Singles	One adult	70%	30%

PRICING SCORE – EXTRAS COVER**BASE 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).

LIMIT OF COVER

It is a scenario based comparison, where we use the average cost of certain services (eg. root canal therapy, Optical – Multi focal lenses, etc) and conclude with total benefit paid by the policies. Policy with the highest level of benefit paid will get the highest score.

As part of the assessment, we include **item limit** (eg. limit for initial visit physiotherapy), **service limit** (limit for physiotherapy) and **combined limit** (eg. total limit for both physiotherapy and acupuncture if the limit is combined). Multiple scenarios are used to capture different consumer behaviour.

TABLE 6

Extras Cover – Pricing Score Detail

Profile Name	Category Description	Premium Weight	Limit Weight
Established Families	Two adults & dependant(s)	50%	50%
Mature Couples	Two adults	50%	50%
Mature Singles	One adult	50%	50%
Young Couples	Two adults	80%	20%
Young Families	Two adults & dependant(s)	70%	30%
Single Parents	One adult & dependant(s)	70%	30%
Young Singles	One adult	80%	20%

FEATURE SCORE – EXTRAS COVER

POLICY INFORMATION

Inclusions

Extras cover policies vary in the types of procedures, services or aids that are insured. This table lists some of the more common extras inclusions and their relative importance to young and mature extras cover consumers.

Each extras insurance product will be tested against this list of inclusions to see if they cover those procedures, services and aids identified as being important for each respective profile (see TABLE 4 for full inclusions list). This means that some categories contribute more to the inclusions score than others. Products are awarded full points for each inclusion category covered while restricted cover only earns half as many points. Those hospital products that include cover for all the listed inclusions categories will be awarded the maximum inclusions score.

TABLE 7

Extras Cover – Inclusion Weightings (%)

Category	Young Single	Young Couple	Young Family	Established Family	Young Single Parent	Mature Single	Mature Couple
General Dental	20	20	15	14	14	10	10
Major Dental	10	10	10	14	14	10	10
Orthodontic	7	7	7	14	14	0	0
Optical	20	20	20	15	15	20	20
Acupuncture	1	1	1	1	1	1	1
Chiropractic	10	10	10	10	10	10	10
Physiotherapy	12	12	12	10	10	10	10
Podiatry	1	1	1	3	3	3	3
Psychology	5	5	2	1	1	3	3
Glucose Monitor	1	1	1	1	1	4	4
Hearing Aids	1	1	1	1	1	5	5
Ambulance	1	1	1	2	2	2	2
NonPBS	1	1	1	1	1	1	1
Endodontic	2	2	5	5	5	10	10
Massage	2	2	2	2	2	5	5
Naturopathy	1	1	1	1	1	1	1
Wellness	5	5	5	5	5	5	5

FUND INFORMATION

Fund General Information (30%)

The fund general information consists of all the general information of the fund that can be applied as standard across all its Hospital Cover products. This information is provided by the Fund as they are not publicly available. Since this relates to the overall fund it carries 10% weightings to the total feature score. Some of the features considered are fund availability, channel availability etc

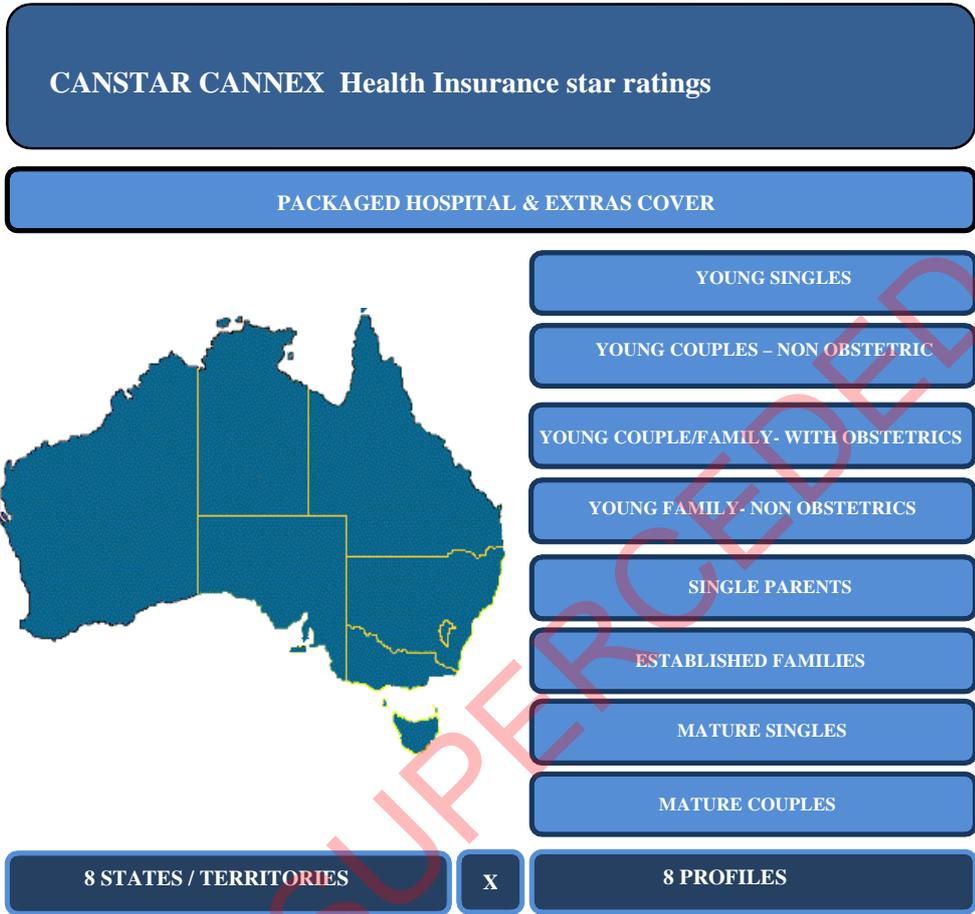
Agreement Providers (40%)

Measure agreement dental providers and optical providers across all states

Retail Branches (30%) – measures level of accessibility of health fund across different states.

PACKAGED HOSPITAL & EXTRAS COVER METHODOLOGY

Packaged Hospital & Extras cover products are rated across 8 states and 8 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 64 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 Methodology

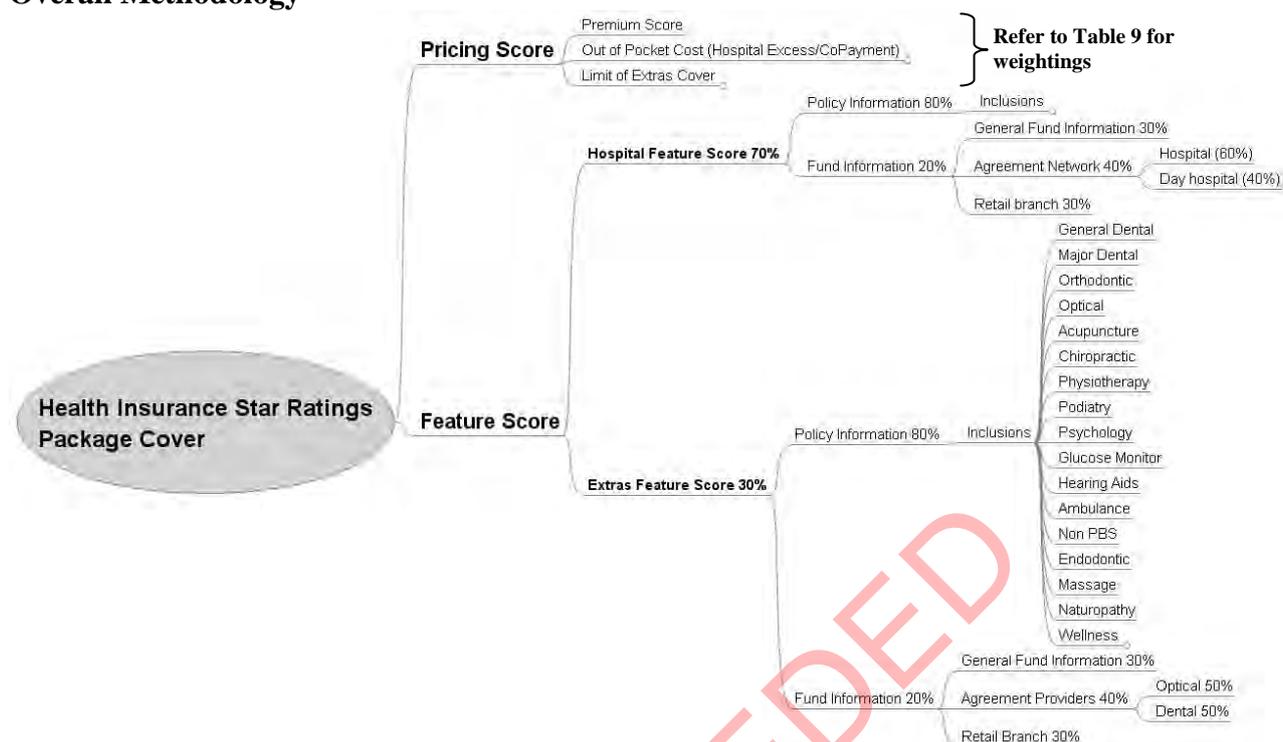


TABLE 8

PACKAGED COVER – Overall Weightings			
Profile Name	Category Description	Price	Feature
Established Families	Two adults & dependant(s)	60%	40%
Mature Couples	Two adults	50%	50%
Mature Singles	One adult	50%	50%
Young Couples - Non Obstetrics	Two adults	70%	30%
Young Couples/Families - Non Obstetrics	Two adults & dependant(s)	65%	35%
Young Families - With Obstetrics	Two adults & dependant(s)	65%	35%
Single Parents	One adult & dependant(s)	70%	30%
Young Singles	One adult	70%	30%

TABLE 9

Packaged Cover – Pricing Score Weightings				
Profile Name	Category Description	Premium	Hospital Out of Pocket Cost	Limit of Extras Cover
Established Families	Two adults & dependant(s)	50%	20%	30%
Mature Couples	Two adults	60%	25%	25%
Mature Singles	One adult	60%	25%	25%
Young Couples - Non Obstetrics	Two adults	65%	20%	15%
Young Couples/Families - Non Obstetrics	Two adults & dependant(s)	65%	20%	15%
Young Couples/Families - With Obstetrics	Two adults & dependant(s)	65%	20%	15%
Single Parents	One adult & dependant(s)	65%	20%	15%
Young Singles	One adult	65%	20%	15%

TABLE 10

Packaged Cover – Feature Score Weightings			
Profile	Category Description	Hospital Cover	Extras Cover
Established Families	Two adults & dependant(s)	50%	50%
Mature Couples	Two adults	70%	30%
Mature Singles	One adult	70%	30%
Young Couples - Non Obstetrics	Two adults	30%	70%
Young Families - Non Obstetrics	Two adults & dependant(s)	60%	40%
Young Couples/Families - With Obstetrics	Two adults & dependant(s)	70%	30%
Single Parents	One adult & dependant(s)	60%	40%
Young Singles	One adult	30%	70%

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 CANNEX 5-star rating.



The results are reflected in a consumer-friendly CANSTAR CANNEX star rating concept, with five stars denoting outstanding value.

HOW OFTEN ARE CANSTAR CANNEX *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 CANNEX RATE OTHER PRODUCT AREAS?

CANSTAR CANNEX 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 CANNEX website at www.canstarcannex.com.au if you would like to view the latest star ratings reports of interest.



- Agribusiness
- Business banking
- Business life insurance
- Car insurance
- CFD trading
- Credit cards
- Deposit accounts
- Direct life insurance
- Health insurance
- Home & Contents
- Home loans
- Life Insurance
- Margin lending
- Package banking
- Personal loans
- Reward programs
- Superannuation
- Travel insurance

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