



What are the Canstar Health Insurance Star Ratings & Awards?

Canstar’s *Health Insurance Star Ratings* use a sophisticated and unique ratings methodology that compares both the price and features of private health insurance products, assessing three separate health insurance product types – hospital cover, extras cover, and packaged hospital and extras cover. Canstar star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked.

Ratings range from five to one star. Five-star rated products have been assessed as offering outstanding value to consumers.

Each fund’s top performing policy per state/territory across all star ratings profiles are aggregated into the state/territory awards for all three product categories: Hospital, Extras and Packages. State/Territory awards are awarded to the fund with the best cumulative performance for each product category.

Each fund’s state/territory performance across the three product categories is weighted to supply a state/territory score, which is then weighted based on population data. The national award is awarded to up to three of the top performing funds across Australia.

Profiles

Canstar recognises that consumers have different needs when it comes to choosing their health insurance policy. Hence the Canstar *Health Insurance Star Ratings* methodology has been designed to reflect a range health insurance needs based on a consumer’s life stage, family structure, gender and level of coverage. The star ratings methodology differs for each consumer segment in terms of the relative importance placed on the price and features of the products assessed.

Eligibility Requirements

Hospital Cover

To be eligible for evaluation in Canstar’s *Health Insurance Star Ratings*, a hospital policy must:

- Cover treatment as a private patient in a private hospital (i.e. not a public hospital policy)
- Exempt the policy holder from the Medicare Levy Surcharge
- Be available for new policyholders
- Be approved by the Private Health Insurance Ombudsman (PHIO)

In addition, policies are required to have a minimum level of comprehensive cover for certain consumer profiles, outlined in the following table:

Life Stage	Target Age	Single Female	Single Male	Couple	Family	Single Parent Family	Minimum Eligibility Requirements (Hospital and Package Only)
Young	<36	X	X	X	X	X	None
Established	36 – 59	X	X	X	X	X	Cardiac
Obstetrics	Any	X			X		Obstetrics
Matures	60+	X		X			Cardiac and Hip & Knee Replacement

Extras Cover

To be eligible for evaluation in Canstar's *Health Insurance Star Ratings*, an Extras policy must:

- Be available for new policy holders
- Be approved by the Private Health Insurance Ombudsman (PHIO)

The extras cover methodology is broken down into three tiers, with coverage increases from tiers one to three. In order for extras products to be eligible for consideration, a policy must meet the following criteria:

Item Category	Extras Level of Cover		
	Tier 3	Tier 2	Tier 1
Dental check-ups	Must Include	Must Include	Must Include
Physiotherapy		Any 3	Optional
Chiropractic			
Optical			
Massage			
Dental crowns, bridges	Must Include	Any 1	
Root canal			
Acupuncture	Any 3	Any 2	
Naturopathy			
Podiatry			
Psychology			
Non-PBS			
Dental braces	Any 1	Optional	
Glucose Monitor			
Hearing Aids			

Award Eligibility

Policies are rated in the following states and territories:

- Queensland
- New South Wales and ACT
- Victoria
- Tasmania
- South Australia
- Western Australia
- Northern Territory



To be included in a state or territory, a fund must have a minimum market share of 0.4% in that state or territory or 5% of their own policy book in that state or territory. To be eligible for the national award, a fund must have a minimum market share of 0.4% in *each* state.

Star Rating Methodology

Hospital Cover

Hospital cover products are rated across seven states/territories and 14 profiles so that consumers from a diverse range of demographics are able to identify a shortlist of five-star products that are best suited to their needs. Eligibility for each of the 98 state/territory-profile combinations will depend on product availability for the state/territory and whether the insurance cover is for singles, single parents or couples and families. Products nominated for families are also eligible to be compared in the single parent profile in accordance with the sales practices of the private health insurance industry.

Each eligible health insurance policy receives a Price Score and Feature Score, with the sum of these scores determining their relative place within the market. The methodology for hospital cover policies can be summarised as follows:

$$\text{Total Score} = \text{Price Score} + \text{Feature Score}$$



Each profile combination is subject to different weightings depending on consumer need. Based on our profile descriptions, the weightings for each of the profiles price score are as follows:

Category	Young	Single, Couple or Family with Obstetrics	Established	Mature
Price Score	70%	60%	50%	60%
Premium	80%	65%	75%	65%
Excess and Co-Payments	20%	35%	25%	35%
Feature Score	30%	40%	50%	40%
Adjustments made for family/single parent profiles				
Price Score	-5%			
Premium	-5%		-5%	
Excess and Co-Payments	+5%		+5%	
Feature Score	+5%			

Excess and Co-Payments

A policy is scored based on how its excess and co-payment structures perform in seven hospital admission scenarios. Where applicable, waivers for day surgery and dependants are applied. These scenarios reflect the length of common hospital admissions such as childbirth, heart failure and joint replacement. More common admission scenarios are receiving a greater weighting than those that are less common, as can be seen in the table over the page:

Admission Duration	Admissions per year	
	1	3
Day Surgery	25%	20%
2 Nights	15%	10%
4 Nights	15%	-
7 Nights	-	10%
14 Nights	5%	-

Feature Score

The Hospital Cover Star Rating's feature score comprises of policy inclusions (the number of services included weighted based on profile needs), fund information (general information, agreement networks, and additional benefits), and medical gap (levels of medical gap (known-gap and unknown-gap) at a fund level).

Policy Inclusions

Category	Young (< 35)	Established (36 – 59)	Mature (60+)
Default inclusions for a single male			
Assisted reproductive	-	-	-
Obstetrics	-	-	-
Hysterectomy	-	-	1%
Cardiac	10%	15%	25%
Cataract eye lens	1%	5%	10%
Orthopaedic	20%	20%	18%
<i>Joint replacement</i>	12%	25%	83%
<i>Reconstructions</i>	88%	75%	17%
Palliative	1%	2%	2%
Plastic non-cosmetic	5%	5%	2%
Psychiatric	15%	10%	12%
Rehabilitation	10%	8%	10%
Renal dialysis	1%	5%	7%
Sterilisation	1%	2%	1%
Colonoscopy	4%	10%	9%
Gastric banding	2%	2%	1%
Ear, nose and throat	10%	12%	1%
Wisdom teeth	5%	-	-
Emergency accidental	15%	4%	1%
Ambulance Cover*	5%	5%	5%
Adjustments for female-only profiles (50% for profiles with two adults)			
Assisted reproductive	+5%	+3%	
Obstetrics	+10%	+5%	
Sterilisation	+1%	+1%	
Hysterectomy	+2%	+1%	
Adjustments for family profiles			
<i>Psychiatric</i>	-	+5%	
Ear, nose and throat	+3%	+5%	
Wisdom teeth	-	+2%	
Emergency accidental	+2%	+2%	

* Ambulance is only included in states where private insurance is required.

Note: The inclusion score weights are based on cover for a single male. Additional weight placed on inclusions for other profiles including allowances for female-only procedures and profiles including children. Final inclusions are scaled to 100%. Where obstetrics cover is required in a profile it is not considered within features.

Fund Information

Fund information is made up of the following categories, within information provided by the health fund. The table below shows the weights allocated to each component considered under fund information:

Category	Weight	Description
General Information	20%	Payment options, application, age of dependents etc.
Agreement Network	50%	Measures access to agreement networks per state/territory
Private Hospitals	60%	The number of agreement private hospitals
Day Hospitals	40%	The number of agreement day hospitals
Other Service Benefits	10%	Considers a number of additional services provided by health funds
Accessibility	20%	Branches and ease of access.
Branch Access	40%	The number of branches per state/territory
Internet Access	30%	Online functionality
Mobile Access	10%	Mobile functionality
Phone Access	20%	Phone functionality and operating hours

General Information

General information includes but is not limited to online application, direct debit payments, payment frequencies and maximum age of dependant.

Agreement Network (Private Hospitals)

The number of agreement private hospitals in a state represents the level of choice a patient has in healthcare providers that do not charge gap fee. For each state-profile combination, the number of no-gap private hospitals for the relevant state is compared against the number for other health funds to determine the no-gap private hospital contribution to the star ratings score. The health fund that has the most total no-gap private hospitals in that state receives the highest score towards each of its eligible hospital cover products, while all other health funds will be awarded a score based on their number of no-gap private hospitals relative to the institution awarded the highest score.

Agreement Network (Day Hospitals)

The number of agreement day hospitals in a state represents the level of choice a patient has in healthcare providers that do not charge gap fee. For each state-profile combination, the number of no-gap day hospitals for the relevant state is 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 total no-gap day hospitals in that state receives the highest score towards each of its eligible hospital cover products, while all other health funds are awarded a score based on their number of no-gap day hospitals relative to the institution awarded the highest score.

Accessibility

Accessibility is measured across the following:

- Branch Access: number of branches per state/territory
- Online Access: functionality through the health funds online member services
- Mobile Access: functionality through the health fund's mobile application
- Phone Access: functionality through the health fund's phone service

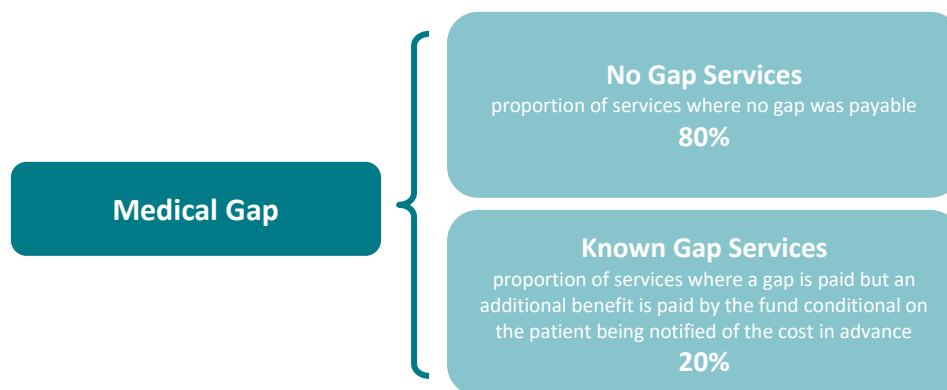
Other Service Benefits

The subcategory observes the number of additional services offered at a fund level. These additional services may include:

- Health/nurse hotline (availability and hours of operation)
- Home/after-hours doctor services (availability and hours of operation)
- Wellness and health guides (electronic or hard copy)
- Pre/post hospital services (e.g. Obstetrics and cardiology)

Medical Gap

Medical gap refers to the difference between doctors' fees for in-hospital services and the benefit paid by health funds. Some health funds have agreements with doctors for members to not to incur any out-of-pocket expenses. Whilst doctors can decide whether or not a particular patient is covered by a fund's gap scheme, a good indicator of the quality of a fund's gap cover arrangements is the percentage of medical services that incurred no gap payments. This data is sourced from the Private Health Insurance Ombudsman's (PHIO) State of the Health Funds Report. The fund with the best weighted-average medical gap performance in each profile receives the top score for medical gap.

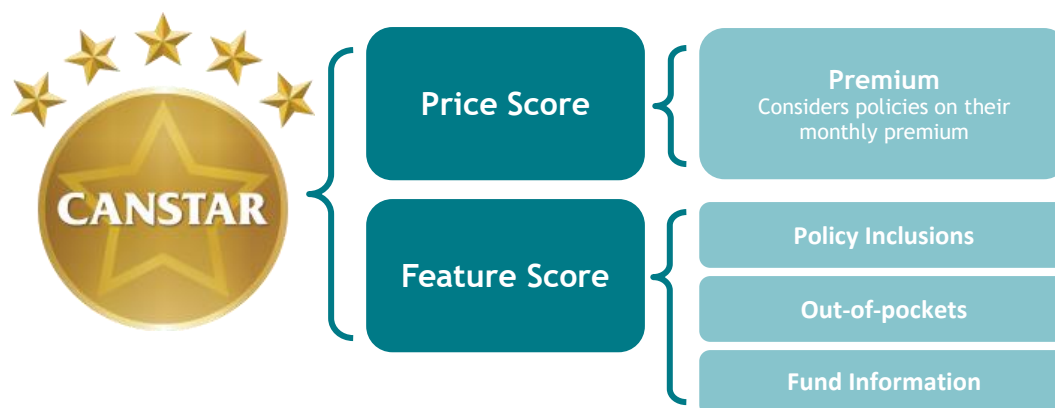


Extras Cover

Extras cover products are rated across seven states/territories and 3 profiles so that consumers from any demographic are able to identify a shortlist of five-star products that are best suited to their individual needs. Eligibility for each of the state-profile combinations will depend on product availability for the state and whether the insurance cover is for singles, single parents or couples and families. Products nominated for families are also eligible to be compared in the single parent profile in accordance with the sales practices of the private health insurance industry.

Each eligible health insurance policy will receive a Price Score and Feature Score, with the sum of these scores determining their relative place within the market. The methodology for extras cover policies can be summarised as follows:

$$\text{Total Score} = \text{Price Score} + \text{Feature Score}$$



Each profile combination is subject to different weightings depending on need. Based on our profile descriptions, the weightings for each of the profiles price score are as follows:

Category	Tier 1	Tier 2	Tier 2
Price Score	70%	60%	50%
Premium	100%	100%	100%
Feature Score	30%	40%	50%

Feature Score

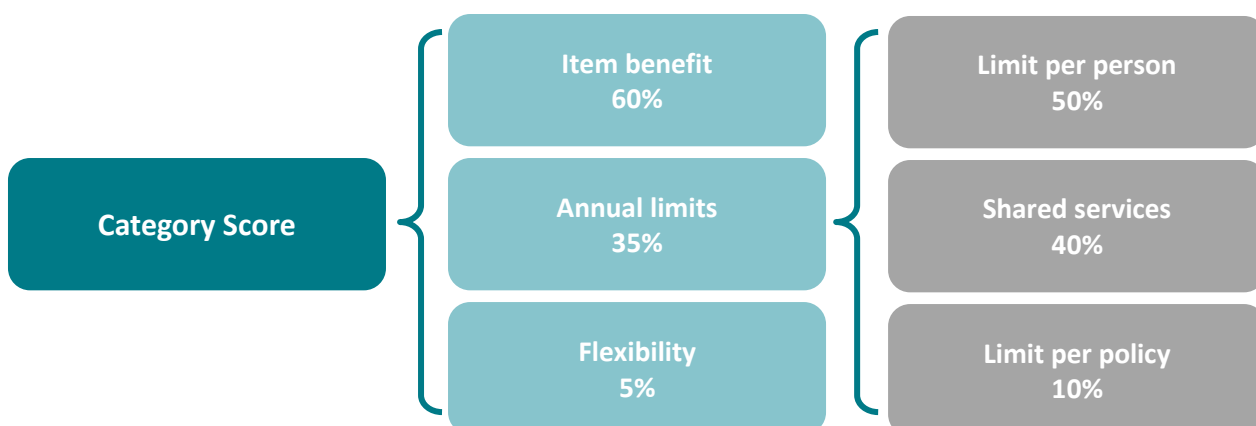
The Extras Cover Star Rating's feature score comprises of policy inclusions (the number of services included weighted based on profile needs), out-of-pocket (Considers 100 hypothetical policy holders and their claim outcomes over the course of one calendar year), and fund information (general information, agreement networks, and additional benefits).

Policy Inclusions

Extras Category	Tier 1	Tier 2	Tier 3
Group 1	70%	60%	45%
Dental Check-up		25%	
Physiotherapy		20%	
Chiropractic		15%	
Optical		20%	
Massage		5%	
Ambulance Cover		15%	
Group 2	25%	30%	45%
Tooth removal		15%	
Crown veneer		15%	
Root canal		20%	
Speech therapy		5%	
Wellness therapies		5%	
Acupuncture		10%	
Podiatry		10%	
Non-PBS Medicine		10%	
Psychology		10%	
Group 3	5%	10%	10%
Braces		60%	
Hearing Aids		20%	
Glucose Monitor		20%	

Within each extras category (e.g. Dental Check-up), products are scored on a number of policy features:

- **Item benefit** – The benefit for each item is considered here. For policies where benefits are payment as a percentage of costs, these are converted into a fixed amount based on average costs.
- **Annual limits** – Per person and per policy limits are scored separately with the policies with the highest limits receiving the top score. Since many policies have limits that are shared amount benefit groups, policies are also scored for each benefit category based on how many other services the limit is shared with. A policy where the benefit limit is not shared with other items receives the full score for shared services.
- **Flexibility** – Policies are scored based on additional features that may influence the out-of-pocket cost that consumers may experience. These include networks, waiting periods, and top-up bonuses.



Out-of-Pockets Score

The out-of-pockets component of the feature score is a scenario-based calculation, that takes into consideration standard item limits, network item limits, standard item costs, network item costs, category limits, group limits and top-up bonuses. The calculation uses 100 hypothetical new policy holders who have met all the waiting period requirements.

Policyholder usage is based on PHAIC data with the minimum and maximum usage based on the star ratings profiles. The cost for the services used is based on a national average cost. Where a health fund has network providers, its standard schedule costs for the proportion of policy holders who use a network provider are used. Where a health fund does not have network provider, 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 policy with the lowest average out-of-pocket cost receives the full score, and each other policy indexed against it. Family scenarios will include claims by dependents, where different benefits apply to dependents they are considered. Should a policy not provide cover for an item or category the total cost of the "claim" is applied to the out-of-pocket calculation. Where a policy offers the policyholder a choice of services (if available), the services considered in this comparison are chosen.

Fund Information

Fund information is made up of the following categories, with information provided by the health fund. The table below summarises the weights of each of the categories:

Category	Weight	Description
General Information	40%	Payment options, application, age of dependents etc.
Accessibility	60%	Customer service, claims, and functionality.
Claims Access	40%	The points of claim (not including branch)
Branch Access	30%	The number of branches per state/territory
Internet Access	10%	Online functionality
Mobile Access	10%	Mobile functionality
Phone Access	10%	Phone functionality and operating hours

General Information

General information includes but is not limited to online application, direct debit payments, payment frequencies and maximum age of dependant.

Accessibility

Accessibility is measured across the following:

- Branch Access: number of branches per state/territory
- Online Access: functionality through the health funds online member services
- Mobile Access: functionality through the health fund's mobile application
- Phone Access: functionality through the health fund's phone service

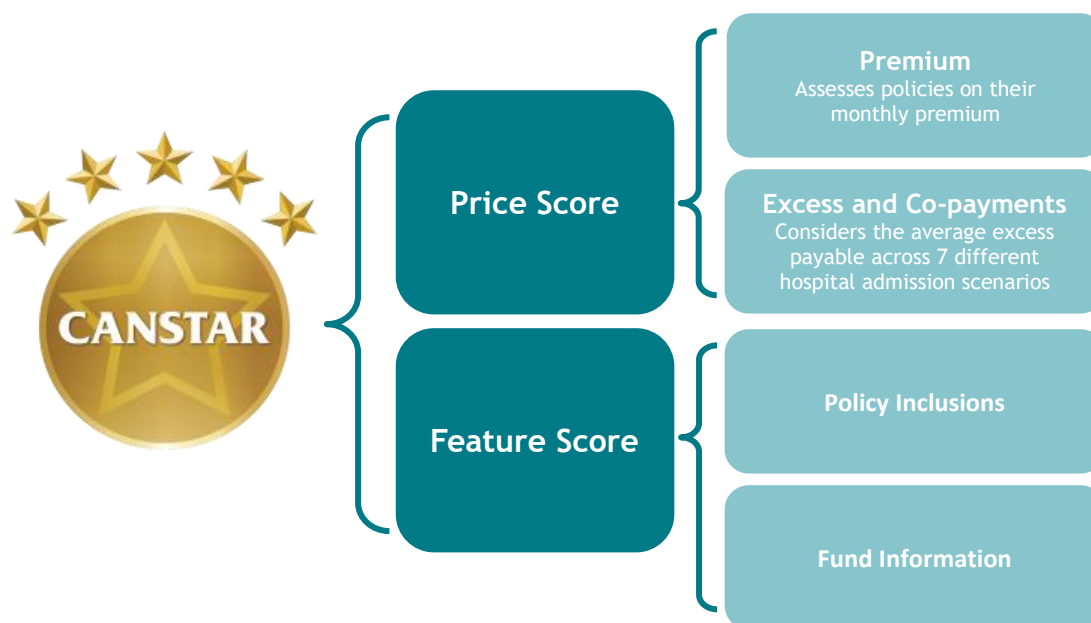
Packaged Cover

Packaged hospital and extras policies are rated in a similarly way to standalone Extras and Hospital products. All of the components of the two methodologies are combined with the weightings used on the following pages. Where a fund does not offer packaged health cover but instead lets customers choose from a range of hospital-only or extras-only policies, Canstar creates custom products to enter into the packaged health cover star ratings.

For example; the top-performing Hospital product is combined with the top-performing Extras for a Young Single Male to be included in the Packaged Cover ratings for that profile. Up to five different packages are created for each fund in each consumer profile, and at least one package is created for each fund (unless they already list every combination).

Each eligible health insurance policy receives a Price Score and Feature Score, with the sum of these scores determining their relative place within the market. The methodology for hospital cover policies can be summarised as follows:

$$\text{Total Score} = \text{Price Score} + \text{Feature Score}$$



Each profile combination is subject to different weightings depending on need. Based on our profile descriptions, the weightings for each of the profiles price score are as follows:

Category	Young	Single, Couple or Family with Obstetrics	Established	Mature
Price Score	60%	55%	50%	55%
Premium	80%	75%	80%	75%
Excess and Co-Payments	20%	25%	20%	25%
Feature Score	40%	45%	50%	45%
Fund Information	20%			
General Information	40%			
Accessibility	60%			
Policy Inclusions	80%			
Extras Cover	65%	45%	55%	45%
Hospital Cover	30%	50%	40%	50%
Ambulance Cover	5%	5%	5%	5%
Adjustments made for family/single parent profiles				
Price Score	-5%			
Premium	-5%		-5%	
Excess and Co-Payments	+5%		+5%	
Feature Score	+5%			

- Extras cover score consists of the inclusions score and out-of-pockets score from the extras methodology.
- Hospital cover score consists of the inclusions score the medical gap score from the hospital methodology
- The allocation of weight between these components will be proportional to the respective standalone methodologies.
- Packages are created from combinations of extras and hospital profiles – for example, “Young Single Parent Family with Tier 3 Extras Cover”

Award Methodology

The Outstanding Value Private Health Insurance Awards recognise insurers at both a state and national level. Canstar awards one insurer in each state and up to three insurers nationally, who demonstrate a consistent offering across all profiles and locations based on the following methodologies.

Each fund's top performing policy per state/territory across all star ratings profiles are aggregated into the state/territory awards for all three product categories: Hospital, Extras, and 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, which are shown on the following page.

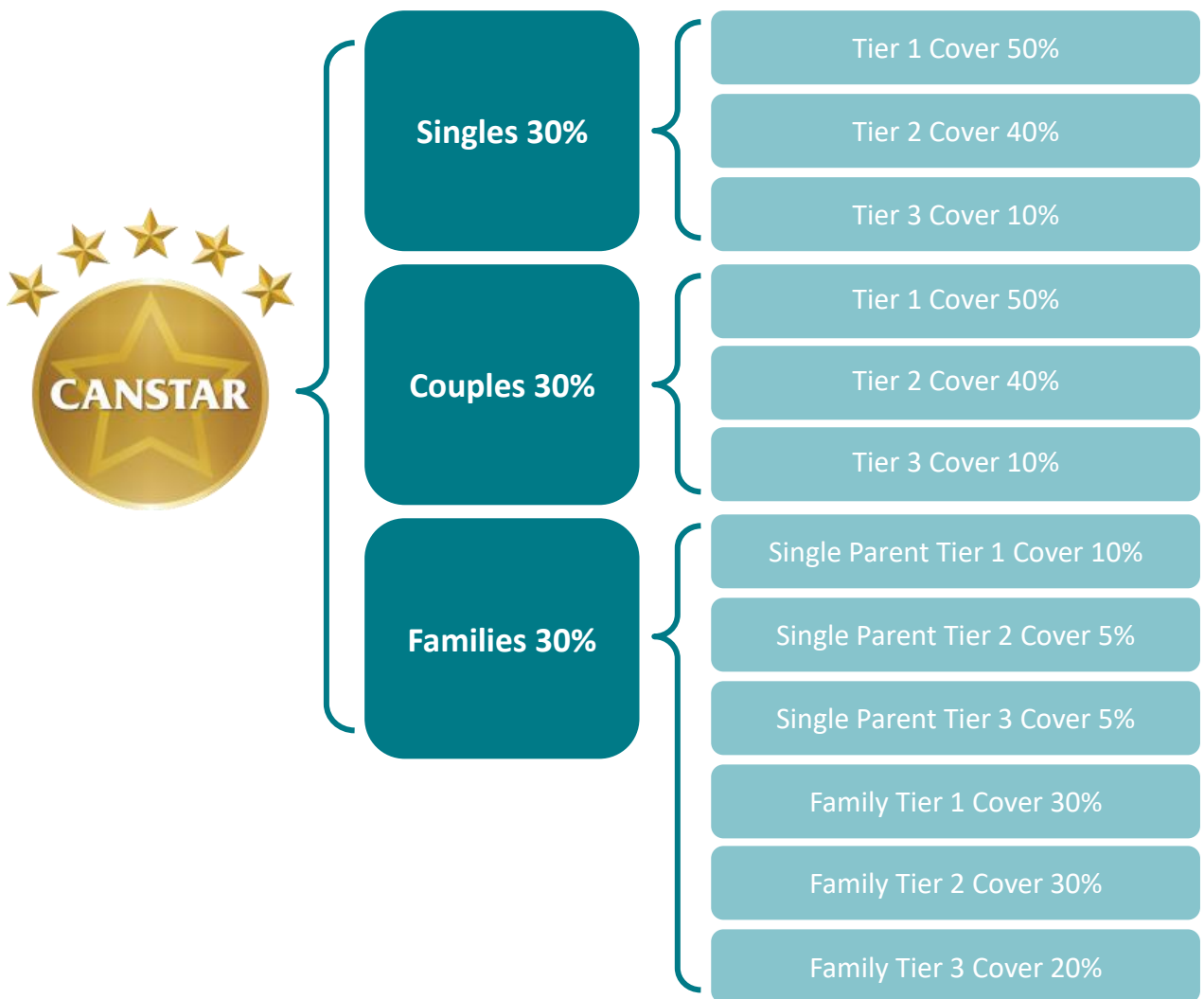
State Awards

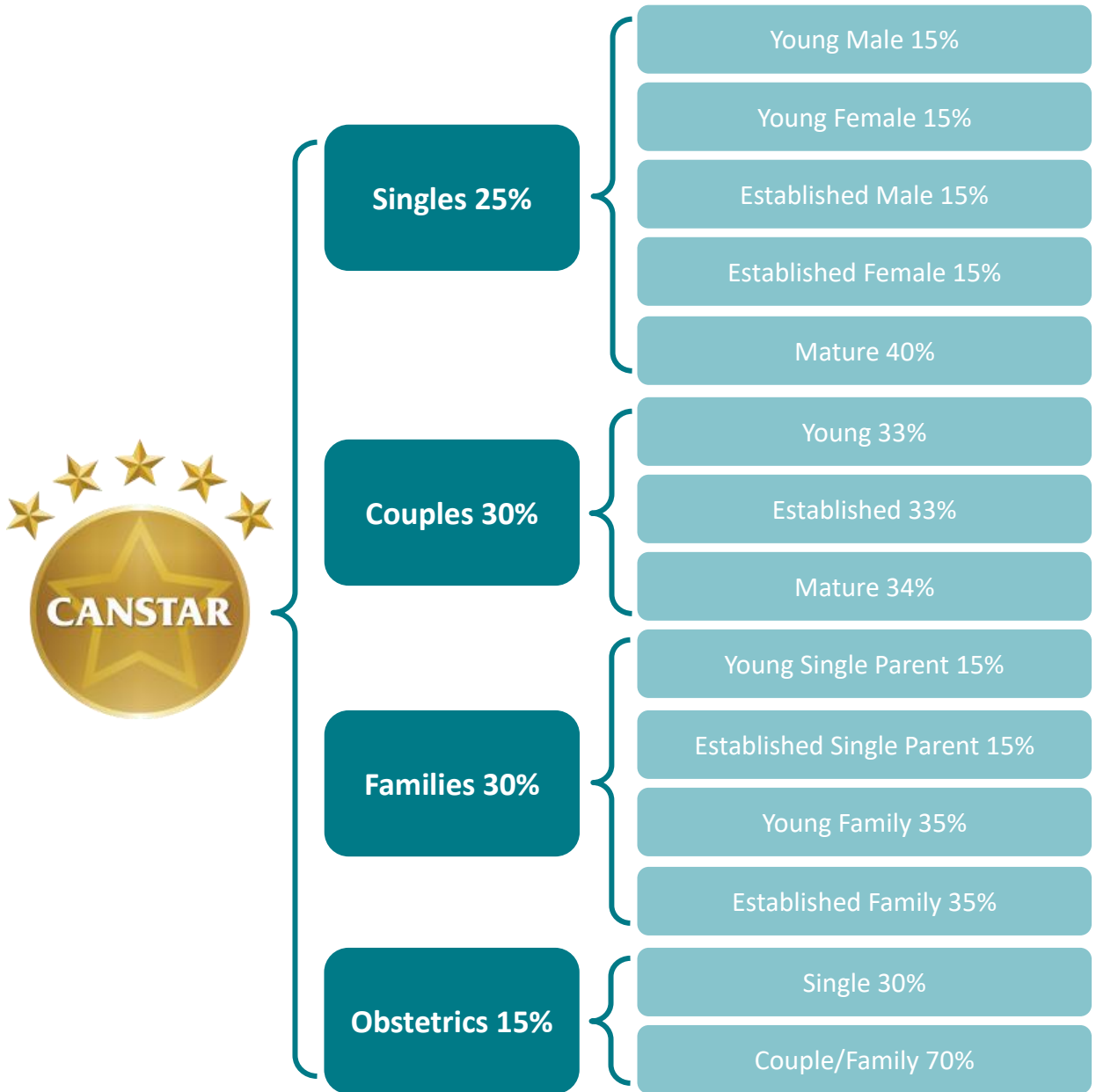
Eligibility Requirements

To be eligible for a state award for outstanding value private health insurance, funds must have a minimum market share of 0.4% in the state or territory.

State Award—Hospital Cover





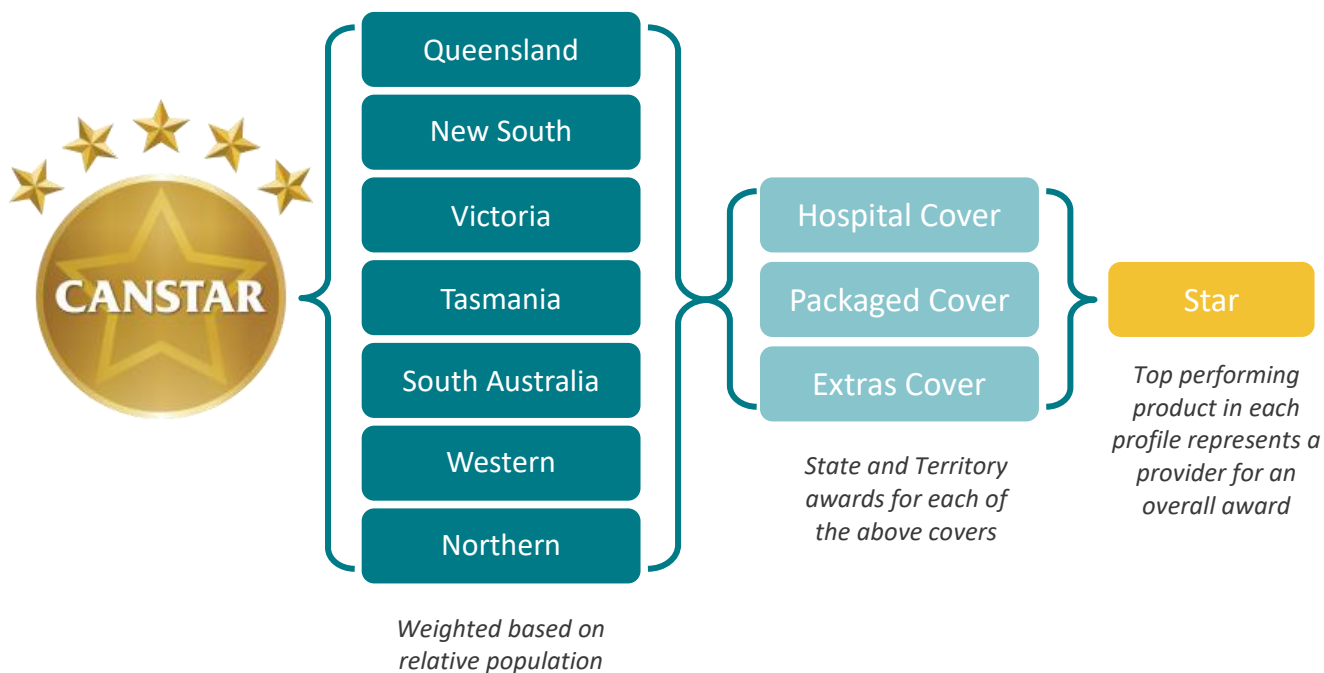


National Award Eligibility Requirements

To be eligible for a national award for outstanding value private health insurance, funds must have a minimum market share of 0.4% in each state or territory.

National Award Methodology

Each fund's state/territory performance across the three product categories is weighted to supply a state/territory score, which is then weighted based on population data. The national award is awarded to up to three of the top performing funds across Australia.



How often are products reviewed for star ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth 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
- Business life insurance
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Package banking
- Reward programs
- Travel insurance
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Travel money cards
- Business banking
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits
- Youth banking

COMPLIANCE DISCLOSURE AND LIABILITY STATEMENT

To the extent that the information in this report constitutes general advice, this advice has been prepared by Canstar Research Pty Ltd A.C.N. 114 422 909 AFSL and ACL 437917 ("Canstar"). The information has been prepared without taking into account your individual investment objectives, financial circumstances or needs. Before you decide whether or not to acquire a particular financial product you should assess whether it is appropriate for you in the light of your own personal circumstances, having regard to your own objectives, financial situation and needs. You may wish to obtain financial advice from a suitably qualified adviser before making any decision to acquire a financial product. Canstar provides information about credit products. It is not a credit provider and in giving you information it is not making any suggestion or recommendation to you about a particular credit product. Please refer to Canstar's FSG for more information.

The information in this report must not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANSTAR's prior written consent. All information obtained by Canstar from external sources is believed to be accurate and reliable. Under no circumstances shall Canstar have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of Canstar or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 2014 CANSTAR Research Pty Ltd A.C.N. 114 422 909

The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), are trademarks or registered trademarks of CANSTAR Pty Ltd. Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of CANSTAR by the respective trademark owner.