

**Date**            **28 April 2010**

**Subject**        **nib announces resignation from Australian Health Services Alliance**

nib health funds (nib) today announced its resignation as a member of the Australian Health Services Alliance (AHSA) effective 30 June 2010.

The AHSA represents small-to-medium registered private health funds across Australia in the negotiation of contracts with private hospitals, day surgeries and other providers where requested.

nib joined the AHSA in August 2005 with the aim of accessing specialist contract negotiation skills and better contract rates interstate.

Prior to joining the AHSA, nib conducted its hospital contracting internally.

nib's Chief Executive Officer, Mark Fitzgibbon, said a recent review of hospital contracting supported the decision to investigate the option of taking more control over this critical function and the health fund's largest cost item.

"Since joining the Alliance, nib's position in the industry in terms of size and influence has improved significantly, as has our core understanding of our claims costs and drivers of inflation," Mr Fitzgibbon said.

"That, together with our improved negotiation and contract management capabilities, ideally positions nib to internalise this process."

"We believe we have been served well by the AHSA but it is appropriate to take this step in line with our strategic and commercial evolution," Mr Fitzgibbon added.

The internalising of contract negotiations will allow nib to:

- adopt a more hands on, commercial approach to hospital contracting.
- explore contracting approaches suited specifically to nib (versus a group of funds) when negotiating with hospital groups.
- have direct control over almost 50% of claims costs.

nib will cease its membership from the AHSA on 30 June 2010. From this date there will be a changeover period, during which time nib will be resuming control of those services currently provided by AHSA. As part of this nib will be transitioning contracted hospitals and day surgeries onto nib contracts.

This change will not affect nib customers who are currently booked to have procedures at hospitals contracted through nib's AHSA membership.

## **MEDIA AND INVESTOR RELATIONS**

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