

**Date:**

27 September 2002

**Subject**

IMPORTANT NOTICE TO ALL MEMBERS

NIB Health Funds was formed in 1952 as a cooperative providing assistance to members of the Newcastle Steel Works and their families in times of illness and injury.

What started with seven Hunter families has grown to an organisation that provides health care for more than 500,000 Australians.

In that time, NIB has never wavered from those core values. We remain a not-for-profit organisation, using surpluses, where achieved, to improve products and services for members; to ensure delivery of first-class health care at affordable prices; and to ensure that reserves are capable of meeting membership claims.

Our record reflects that commitment.

We are presently in dispute over contract negotiations with the Ramsay Health Care group.

We believe Ramsay is imposing excessive demands on NIB for access by its members to private hospitals owned and operated by them.

Ramsay Health Care is a publicly listed company, which reported a profit of \$31.1 million to its shareholders for the financial year ended June 30, 2002.

This represents a profit increase of 94% on the previous year.

Ramsay is demanding that NIB agrees to an increase more than 4 times CPI on charges at its Lake Macquarie Private Hospital.

NIB's rejection of this demand has led Ramsay to announce that all agreements between NIB and Ramsay hospitals will be terminated from October 22, 2002.

If NIB bows to Ramsay's excessive demands it will be forced to pass on these increased costs to members. NIB's message to our members is simple.

NIB will not be forced into compromising the interests of those we serve.

We will continue to negotiate a fair and reasonable agreement that enables NIB to continue to provide the best of health care at prices our members can afford.

And we will be writing to each and every member with detailed information about the dispute and your options as an NIB member.

Keith Lynch  
Chairman  
NIB Health Funds

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