

<b>Date:</b>	13 January 2003
<b>Subject</b>	NIB intent on keeping membership affordable

NIB CEO Mark Fitzgibbon today indicated that NIB would be using its strong financial position to absorb extraordinary cost pressures and again align contribution increases with the Consumer Price Index (CPI).

The Commonwealth Government is expected to announce approved contribution increases for all health funds within the next few weeks.

Mr Fitzgibbon said NIB's application to the Department of Health reflected the fund's strong trading results.

For the second year in succession, NIB's trading results have been among the industry's best.

The fund is presently in its strongest ever position, with membership and reserves at an all-time high. This consolidates NIB's position as one of the top six health insurers in Australia. Mr Fitzgibbon said NIB's decision to cap average contribution adjustments at CPI values would ensure that NIB health cover remained as affordable as possible.

NIB's rate adjustment last year, the first in three years, was aligned to CPI and was one of the lowest increases in the industry.

"It is a fact of commercial life that the costs of medical services and products are accelerating at an alarming rate," Mr Fitzgibbon said.

"Expensive new technologies and cost pressures such as the recent wage increases for nurses are placing considerable strain on health funds. Benefits paid to members last year also increased by about 13% compared to the year before.

"Claims growth isn't in itself a concern, because NIB exists to help members access medical services by paying claims. However, at the end of the day, we must balance the books."

Mr Fitzgibbon said NIB had a number of strategies in place designed to offset these pressures.

"We'll be seeking an increase that will simply maintain contribution levels in real terms and at the same time we are trying to drive down expenses through increased efficiency and expanding other revenue streams."

He said NIB was presently in the market with an offer to pay the first month's contributions for people joining NIB, while the fund's 4% discount for those paying their contributions by direct debit would remain in place.

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