

Date: 24 February 2006

Subject **NIB contribution rate change**

NIB Health Funds today announced changes to member contribution rates and products, effective from 1 April 2006.

NIB's Chief Executive Officer, Mark Fitzgibbon said the changes reflect escalating health care costs and more members claiming on hospital and ancillary services.

"In the past financial year, NIB paid out 7.1% more in claims per member compared with the previous 12 months, and almost 10,000 more members were admitted to hospital.

"Despite these increasing costs to the fund, we have managed to contain our contribution rate change especially by reducing the costs of running NIB.

"NIB will increase its contribution rates by an average of only 4.85%, below the industry average of 5.68%. No NIB member will have a contribution rate increase greater than 7%.

"Members with our Bodyguard cover \$400 excess - one of the most competitively priced, low cost covers for young people - will have no contribution rate increase," Mr Fitzgibbon said.

NIB members with premium cover Gold, will benefit from significant improvements to extras benefits. NIB has increased benefits on key extras - dental, optical and physiotherapy in response to member needs. Claiming key extras on Gold has been simplified for members' ease of understanding and use.

Improvements to Gold cover:

Dental

- General dental scale and clean benefit increased from \$35 to \$50
- General dental mouthguard benefit increased from \$69 to \$90
- Prosthetic dental benefit increases (crowns, bridges and dentures)
- Prosthetic dental combined annual limit increased from \$700 to \$900

Optical

- Increase in benefit for frames from \$70 to \$100
- Increases in benefit for all permanent contact lenses from \$130-\$175 per pair per calendar year to 80% of costs up to \$225 per calendar year
- Increase in benefit for all disposable contact lenses from 60% of cost up to \$200 per year, to 80% of cost up to \$225 per year
- 1 complete appliance restriction within optical benefits removed

Physiotherapy

- Increase in benefit for one-on-one physiotherapy from first visit \$28 to \$40 and second visit onwards from \$26 to \$35
- Simplifying multiple visit benefits.

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The following table shows weekly contribution rates for some of NIB's most popular products:

	Product					
	Ambulance	Quality Extras	Bodyguard	Safeguard	NIB Gold	Public Hospital
Single rate 01/04/05	\$0.70	\$9.05	\$11.10	\$15.10	\$17.10	\$4.90
Single rate 01/04/06	\$0.73	\$9.05	\$11.10	\$15.75	\$18.05	\$5.15
Difference	\$0.03	nil	nil	\$0.65	\$0.95	\$0.25
Couple rate 01/04/05	\$1.40	\$18.10	\$22.25	\$30.20	\$34.20	\$9.80
Couple rate 01/04/06	\$1.46	\$18.10	\$22.25	\$31.50	\$36.15	\$10.35
Difference	\$0.06	nil	nil	\$1.30	\$1.95	\$1.55
Family rate 01/04/05	\$1.40	\$18.10	\$22.25	\$30.20	\$34.20	\$9.80
Family rate 01/04/06	\$1.46	\$18.10	\$22.25	\$31.50	\$36.15	\$10.35
Difference	\$0.06	nil	nil	\$1.30	\$1.95	\$0.55

Figures used in the above table are weekly contribution rates for NSW / ACT and include a 4% discount for payments made by direct debit (where applicable), the Federal Government 30% rebate and highest excess levels on each product.

Members will be notified of any contribution rate or product change to their membership via a letter in early March.

NIB will introduce a new loyalty program for members commencing 6 June 2006. Research shows that NIB members want greater value from their membership. This new program allows members on selected packaged products to top up and accumulate a "Loyalty Bonus" that can be used on extras services.

The current Health Rewards scheme will be discontinued from 6 June 2006. Members eligible for the Health Rewards scheme will be notified in early March.

About NIB

NIB is a not-for-profit organisation and has been a registered health fund since 1952. The health fund started operations in 1952 at BHP's Newcastle Steelworks (2 hours north of Sydney), as Newcastle Industrial Benefits and is now Australia's sixth largest health insurance provider. Today, NIB provides health cover for 630,000 people across Australia.

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Media Release

NIB's presence in the private health insurance industry continues to grow, defying an industry trend of flat membership levels. NIB's membership base has grown 4.2% over the 2005 financial year, against an industry growth average of 0.8% in the same period.

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