

## Health Insurance Statistics December 2006



14 December 2006.

This is a quarterly supplement providing statistical information for the health insurance industry in New Zealand. It contains data on the most recent quarter ended 30 September 2006. Additional data is published this quarter on claim incidence rates.

### ➤ **Lives covered up 0.3% in September Quarter**

The number of lives covered continues to increase. In the 3 months to 30 September 2006, health insurers reported a net increase in the number of lives covered of 4,300 (0.3%) taking the total lives covered to 1.362 million. The 12 month increase of 11,000 represents a 0.8% increase from September 2005.

### ➤ **Trend to major medical**

The trend away from comprehensive policies and towards major medical insurance continues. The net 4,300 increase in lives covered represents an increase of 10,700 people covered by major medical insurance and a reduction of 6,400 having comprehensive insurance.

Major medical insurance now accounts for 833,000 of the 1.362 million lives covered, or 61.2% of those covered by health insurance.

### ➤ **Lives covered by age**

A breakdown of the lives covered by age group shows significant net gains in the number of lives covered for those aged 60 and over in the September Quarter:

- Aged 60-64: up 1,193 (+1.5%)
- Aged 65-69: up 1,156 (+2.3%)

Several factors are likely to be driving this. People are increasingly accepting the fact that the public system can not deliver many elective procedures to either the quantity or the timeliness that people expect from the health system. This means lower numbers of existing policyholders quitting their policies as they get older, despite increases in premiums and reductions in disposable income. In addition there are demographic changes at work, with an aging population meaning similar increases are likely in future years.

At the other end of the spectrum, there has been an increase in the number of lives covered for younger age groups:

- Aged under 5: up 736 (+1.2%);
- Aged 15-19: up 504 (+0.5%);
- Aged 20-24: up 654 (+1.0%).

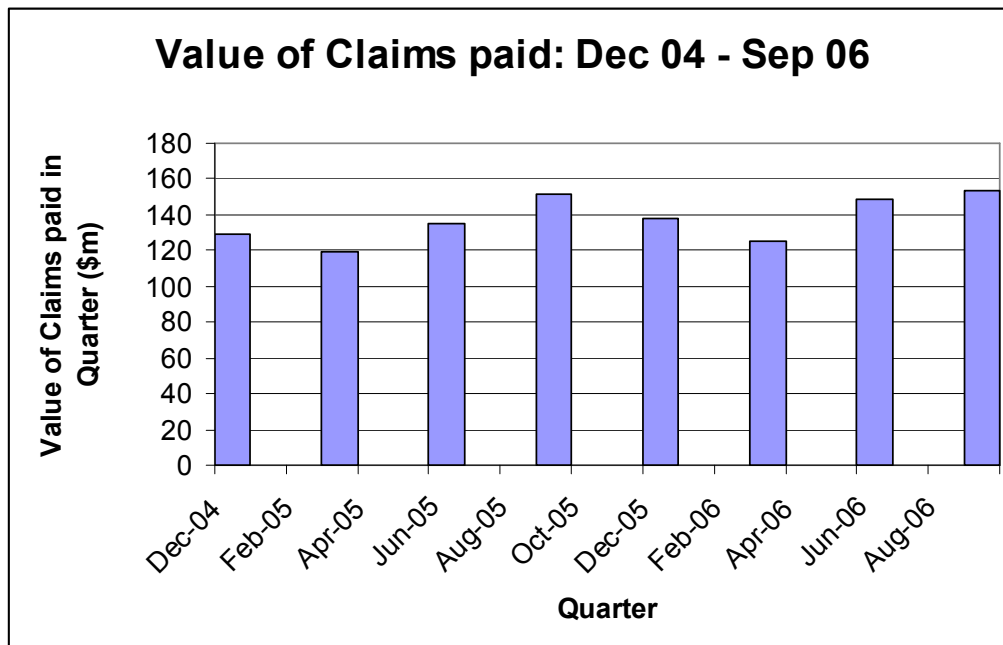
Again, there are several factors involved. The range of age groups which are increasing indicates an increase in families with health insurance cover rather than simply an

increase in births. The increased takeup by those aged 20-24 may be a sign of greater awareness of the benefits of taking out health insurance at a younger age.

➤ **Claims paid up 6%**

Health insurance claims paid in the September quarter totaled \$154 million, taking claims paid in the 12 months to September 2006 to \$567 million. This is an increase of \$32 million or 6% on the total claims paid in the 12 months to September 2005. The increase is attributable to both an increase in the number of claims and an increase in the costs of treatment.

There are many factors contributing to rising claims costs. There are more treatments being performed, together with significant inflation in the broader health sector. In addition, there is a faster adoption of new technology in the private sector, particularly in the area of orthopaedics. Members also report an increase in demand for private chemotherapy treatment because of DHB waiting lists and the reluctance of some DHBs to fund some drug therapy options.

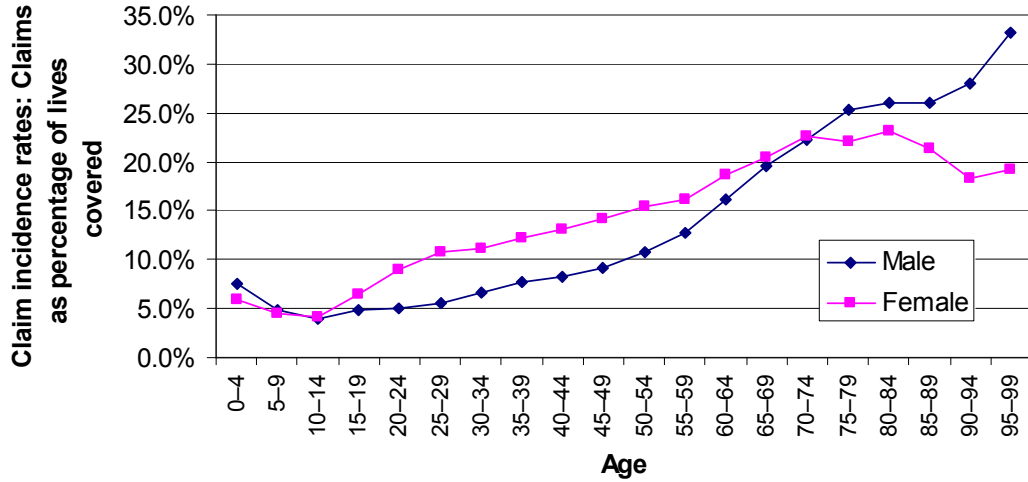


➤ **Claim incidence rates**

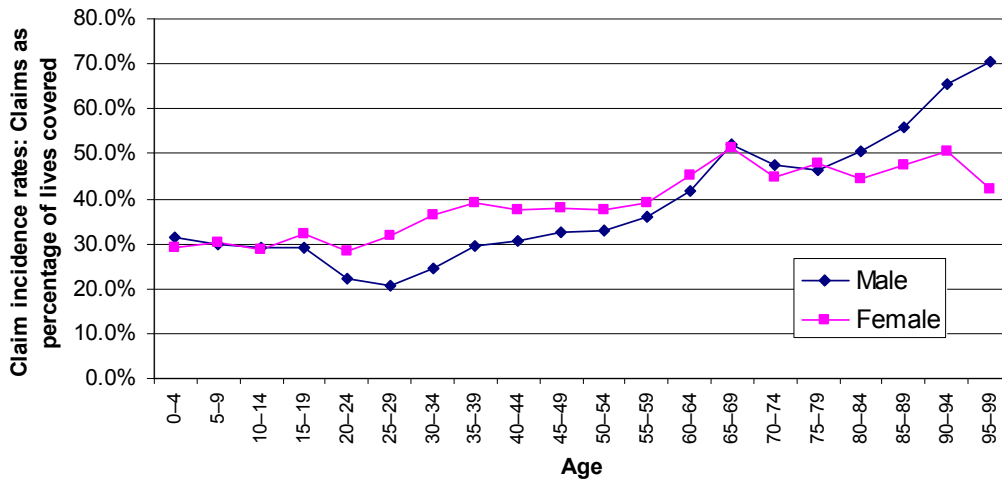
Claims made vary significantly by age group. Analysis of claim incidence rates is provided as a snapshot for the year ended September 2006. Key points to note are:

- Comprehensive policies have higher claim incidence rates than major medical policies;
- Older age groups have higher claim incidence rates than younger age groups;
- Women have higher claim incidence rates than men (until age 70).

### Claim incidence rates by Gender and age: Major medical Insurance



### Claim incidence rates by Gender and age: Comprehensive Insurance



*Note: the claim incidence rates generally refer to number of claims rather than number of procedures. There is a degree of volatility, particularly in relation to comprehensive insurance, depending on the degree*

<b>CLAIM INCIDENCE RATES</b>				
<b>Age</b>	<b>Major Medical</b>		<b>Comprehensive</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
0-4	7.5%	5.9%	31.5%	29.1%
5-9	4.9%	4.5%	30.0%	30.1%
10-14	4.0%	4.1%	28.9%	28.5%
15-19	4.8%	6.5%	29.0%	32.1%
20-24	5.0%	8.9%	22.1%	28.5%
25-29	5.5%	10.8%	20.8%	31.7%
30-34	6.6%	11.1%	24.7%	36.3%
35-39	7.8%	12.2%	29.3%	38.9%
40-44	8.3%	13.1%	30.7%	37.6%
45-49	9.2%	14.1%	32.7%	38.0%
50-54	10.9%	15.5%	32.9%	37.6%
55-59	12.7%	16.2%	35.9%	39.2%
60-64	16.2%	18.6%	41.7%	45.3%
65-69	19.6%	20.4%	52.1%	51.4%
70-74	22.3%	22.6%	47.4%	44.7%
75-79	25.2%	22.0%	46.1%	47.8%
80-84	26.0%	23.1%	50.6%	44.3%
85-89	25.9%	21.3%	55.9%	47.5%
90-94	28.0%	18.3%	65.4%	50.7%
95-99	33.2%	19.2%	70.6%	42.2%
100+			16.7%	40.0%