

Quarterly statistical summary: March 2017

This statistical supplement sets out key health insurance statistics for lives covered, claims and premiums over the previous quarter and 12 month period, together with commentary on changes and underlying trends.

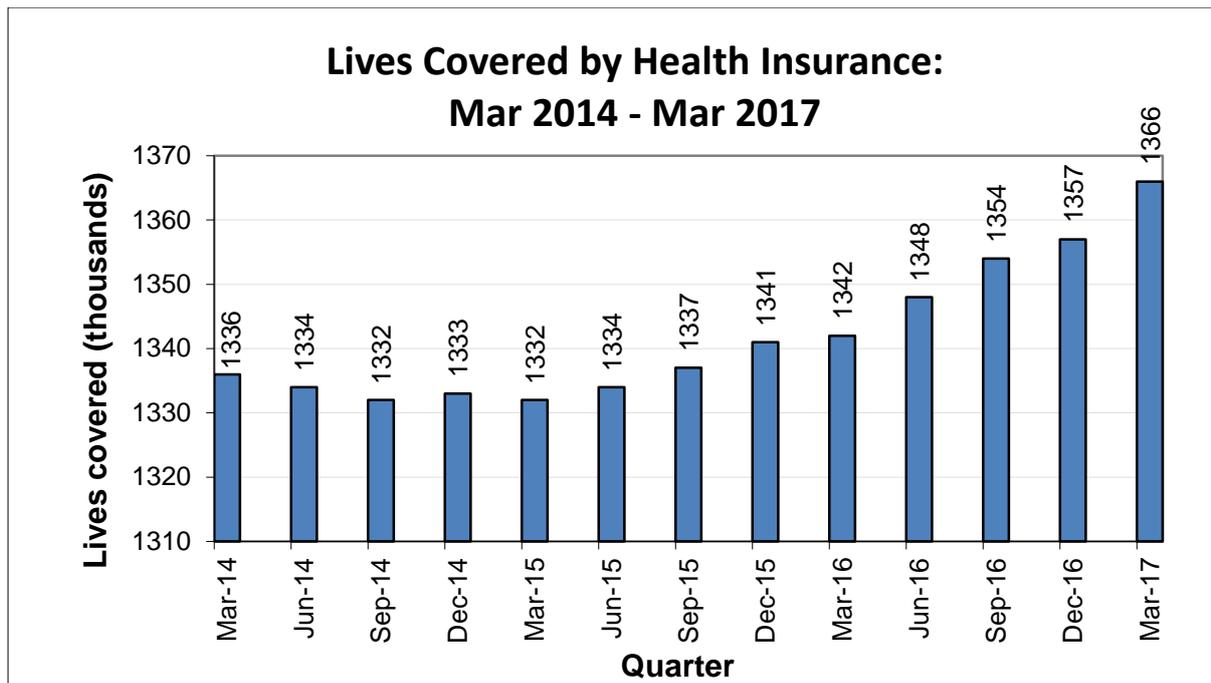
Headline changes

- △ Lives covered up 8,200 (0.6 percent) for the quarter; up 23,800 or 1.8 percent for the year;
- △ Premium income of \$351 million for the quarter, up \$2m on December quarter; annual premium \$1.379 billion, up \$82m (6.3 percent) on March 2016 year;
- △ Claims paid for quarter of \$263 million, up 8.9 percent on previous March 2016 quarter; annual claims paid for March year of \$1,150 million up 9.5 percent on March 2016 year claims.

Lives covered

There was an increase of 8,200 lives covered over the March 2017 quarter. Total lives covered as at 31 March 2017 stood at 1.366 million. On an annual basis, lives covered have increased by 23,800 or 1.8 percent for the year ending March 2017. This is the eight straight quarter of growth in lives covered, and marks the strongest annual growth in lives covered recorded since 2001.

Much of this growth appears to have come from an increase in the numbers of people with employer-subsidised health insurance as part of an increased focus on wellness in the workplace.

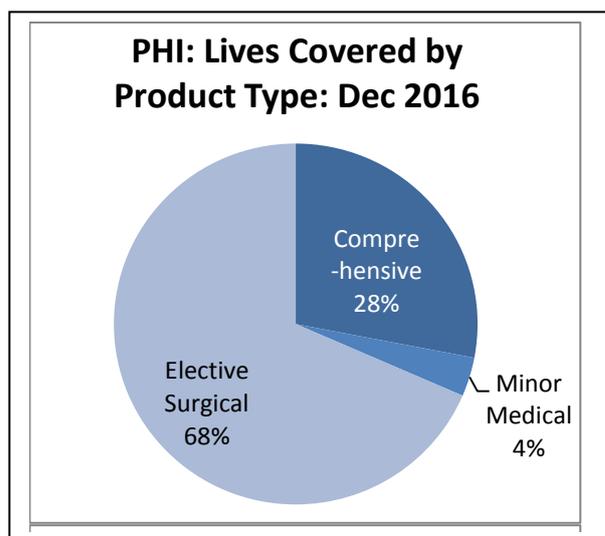


Lives covered by product type

Historically, statistics published by HFANZ have reported two categories of health insurance – elective surgical and comprehensive. In 2016, HFANZ began separating out a third category which is labelled ‘minor medical’. These policies are more limited in terms of the level of cover, and less expensive. While such policies typically provide for reimbursements of day to day expenses, such as GP visits, physio and the like, they will usually have restricted or no cover for major surgery.

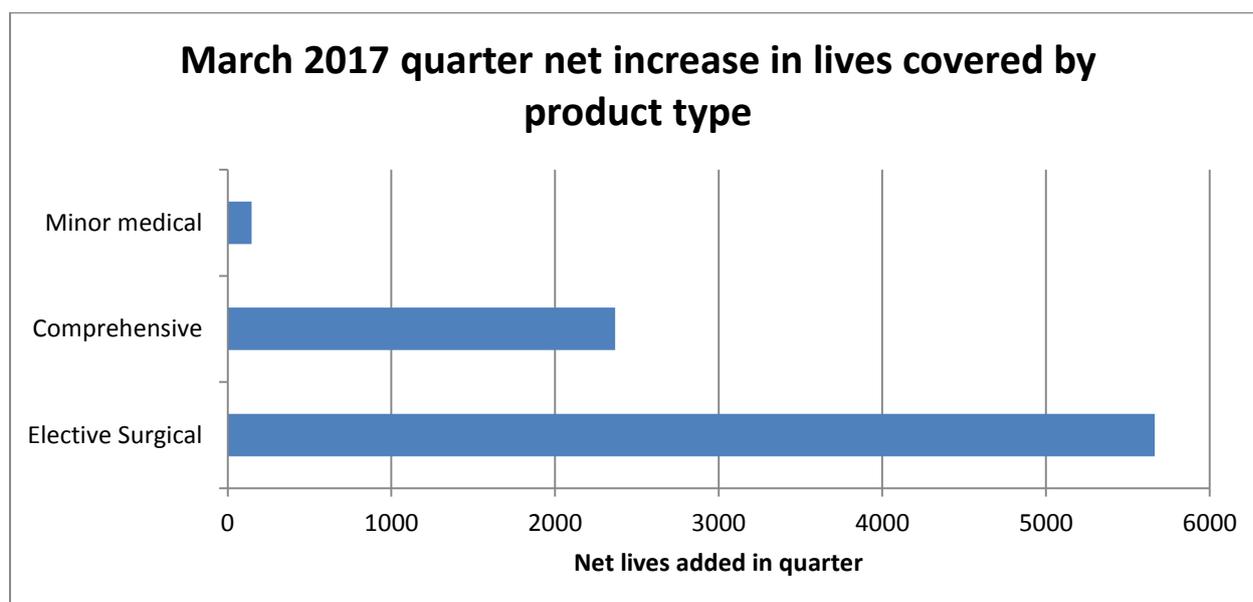
Most insurers in New Zealand offer a product which meets the definition of minor medical. Minor medical policies account for around 48,000 lives covered – or just 3.5% of the total lives covered.

Until the change, minor medical policies had generally been counted in the comprehensive category. The proportions of each product type are shown in the adjacent chart.



Changes by product type

Most of the increase in lives covered for the quarter has been for elective surgical policies (or major medical) with the remainder being growth in comprehensive policies. Minor medical policies accounted for a negligible portion on the growth in lives covered for the quarter.



Changes in lives covered by age-group

The table below gives a breakdown of the changes in lives covered over the past year by age group.

Table: Change in lives covered by Age: March 2017 year

Age	Mar 2016	Mar 2017	Change	Percent
0-4	60,074	61,008	934	1.6%
5-9	83,427	83,746	319	0.4%
10-14	82,918	84,667	1,749	2.1%
15-19	84,401	84,738	337	0.4%
20-24	76,789	77,320	531	0.7%
25-29	73,604	78,066	4,462	6.1%
30-34	85,781	89,622	3,841	4.5%
35-39	93,911	97,268	3,357	3.6%
40-44	110,139	109,257	-882	-0.8%
45-49	117,109	119,334	2,225	1.9%
50-54	118,925	118,417	-508	-0.4%
55-59	109,765	112,150	2,385	2.2%
60-64	90,921	91,712	791	0.9%
65-69	67,468	67,729	261	0.4%
70-74	39,045	40,758	1,713	4.4%
75-79	23,691	25,526	1,835	7.7%
80-84	13,235	13,418	183	1.4%
85-89	7,557	7,660	103	1.4%
90+	2,926	3,140	214	7.3%
Totals	1,341,686	1,365,536	23,850	1.8%

Of note is the significant increase of around 11,000 lives covered in the 25-39 age group – up by over four percent for the year. The stronger growth in the working age population with health insurance comes amid renewed interest from employers in group health plans, and the benefits which flow from a greater focus on wellness in the workplace.

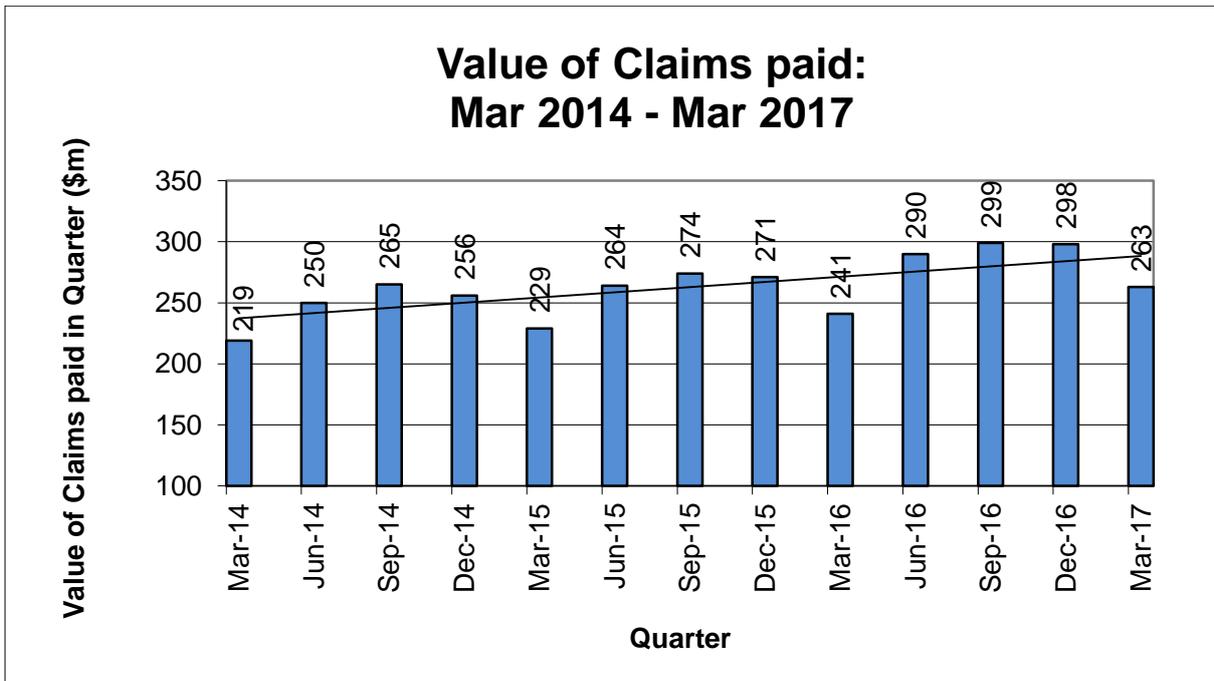
The lives covered in the over 65 age group has grown again, after a slight drop seen earlier in 2016. The annual growth in lives covered in the 65+ age group of around 4,000 takes the total number of 65+ persons with health insurance to 158,000.

Premium income

Premium income for the March 2017 quarter totalled \$351 million – up by \$2m on the December quarter. Annual premium for the year ended 31 March 2017 was \$1.379 billion, up 6.3 percent or \$82m on premium income for the March 2016 year.

Claims paid

Claims paid for the March 2017 quarter totalled \$263 million, up 8.9 percent on the previous March 2016 quarter. Total claims paid for the 12 months ending 31 March 2017 were \$1150 million, up 9.5 percent – or \$99 million – on March 2016 year claims.



The annual claims growth for the March 2017 year was a record \$99 million increase over the March 2016 year. A major contributing factor was increased volume of surgery, with an increase in the claim incidence rates for those with elective surgical policies driving additional surgical volumes over the year. The additional numbers of lives covered, along with the general ageing of the insured population, have also been contributing factors.

Doubling in a Decade

The past decade has seen the health insurance contribution to total healthcare funding double from \$583m annually to 1.150 billion annually. This increase highlights the important and valuable contribution that health insurance makes to overall healthcare funding in New Zealand.

