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Friday, 8 December 2017

## Satisfaction with private health insurers continues decline

New research from Roy Morgan shows that satisfaction with private health insurers has declined to 71.0% in October 2017, down by 0.2% points for the month and 3.4% points below the same time last year. This level is now well down on the peak of 76.4% recorded in June 2015 and is the lowest satisfaction rating since 2010.

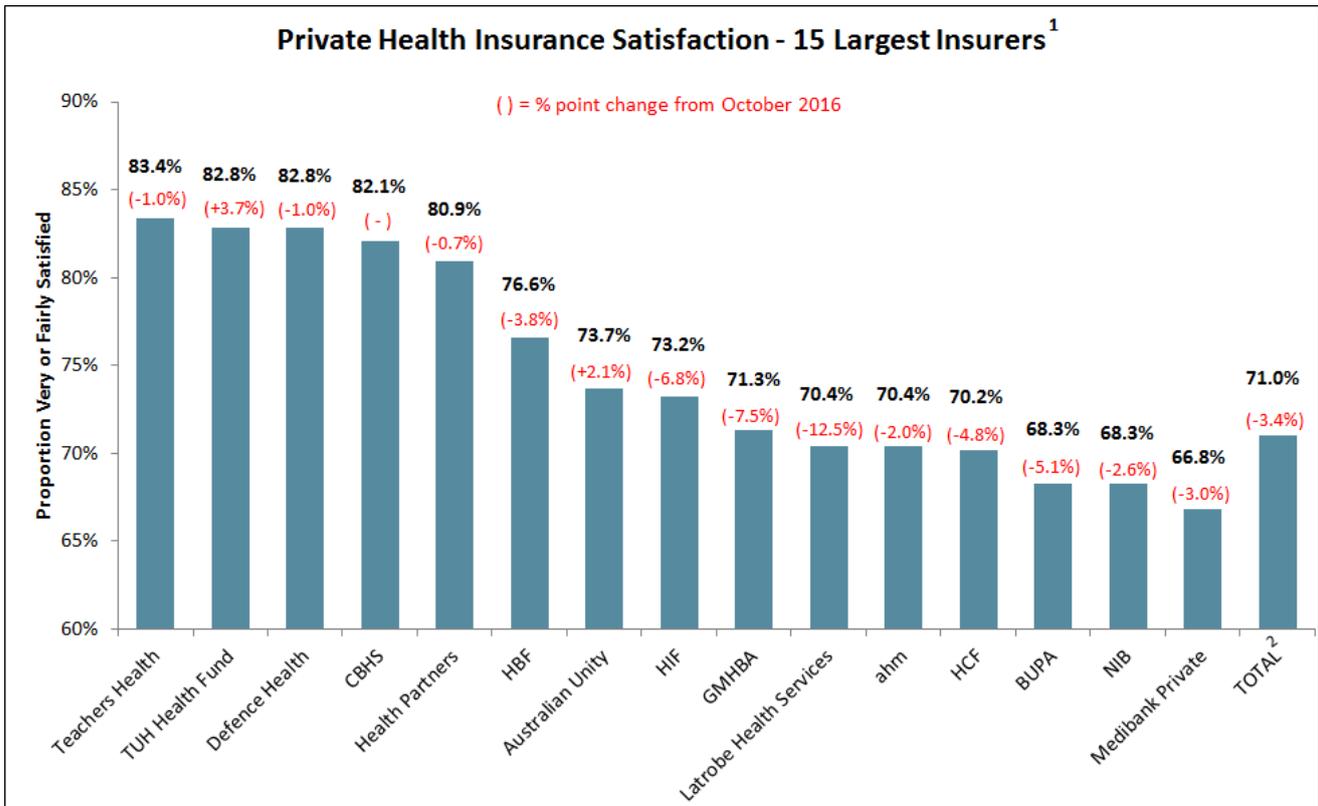
These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including coverage of over 17,000 private health insurance members.

### Smaller funds lead in satisfaction

The top five performers (among the fifteen largest funds) for private health insurance satisfaction over the last year were all smaller funds and had satisfaction levels well above the market average. The top fund was Teachers Health with 83.4% satisfaction, followed by TUH Health Fund (82.8%), Defence Health (82.8%), CBHS (82.1%) and Health Partners (80.9%). The only funds to show improvements in satisfaction over the last 12 months were TUH Health Fund (up 3.7% points) and Australian Unity (up 2.1% points).

Satisfaction with the two largest funds remain below the market average (71.0%), with BUPA on 68.3% (down 5.1% points over the year) and Medibank Private 66.8% (down 3.0% points).

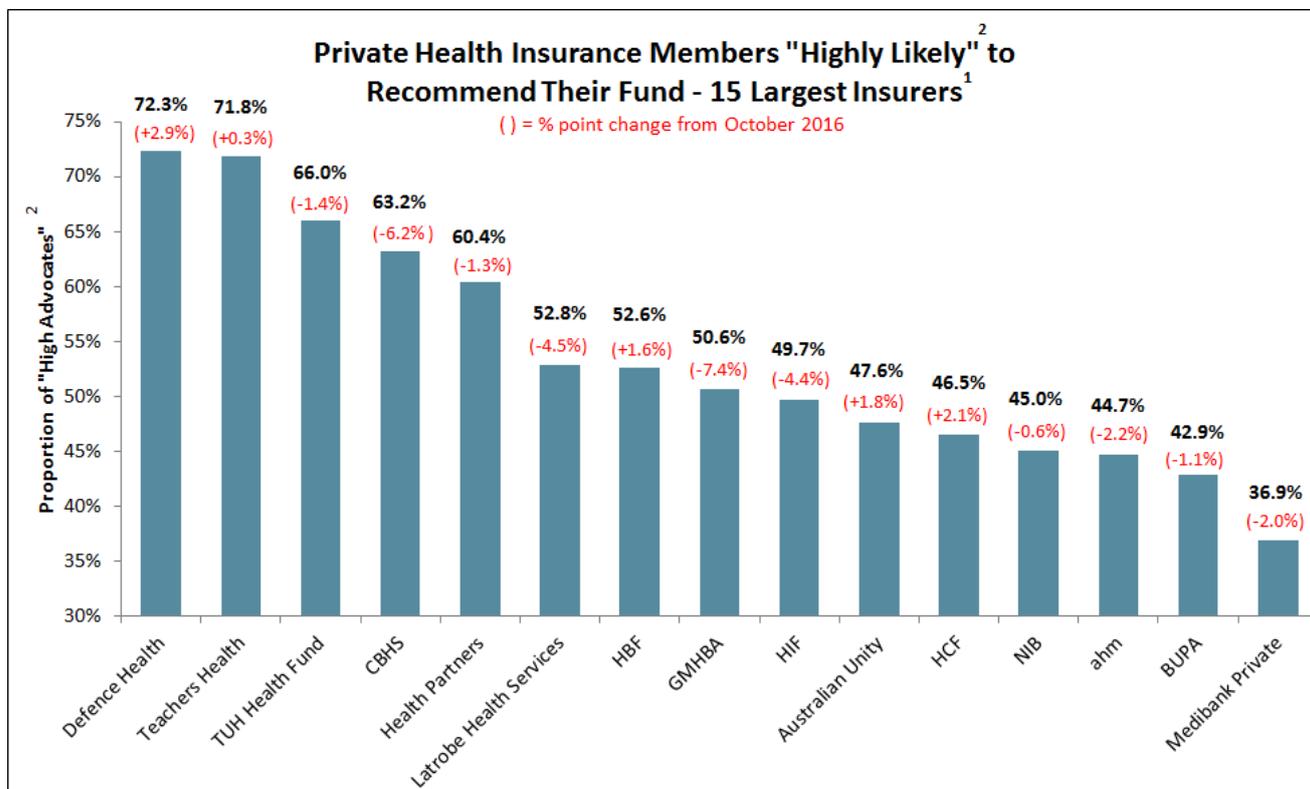
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1. Based on customer number 2. Includes brands not shown **Source:** Roy Morgan Single Source (Australia) 12 months to October 2016, n = 17,952; 12 months to October 2017, n=16,932. **Base:** Australians 14+ with private health insurance

## Members of larger health funds not as likely to recommend them

Less than half the members of the major health funds would be 'highly likely' (with a score of 8 to 10 on a ten point scale) to recommend their fund to friends or colleagues. Only 36.9% of Medibank Private members consider that they would be 'highly likely' to recommend them and BUPA had the second lowest score with 42.9%.



1. Based on customer number 2. "High Advocate" is a score of 8, 9 or 10 on a ten point scale regarding "How likely would you be to recommend (health fund) to a friend or colleague?" **Source:** Roy Morgan Single Source (Australia) 12 months to October 2016, n = 17,952; 12 months to October 2017, n=16,932. **Base:** Australians 14+ with private health insurance

The best overall performer for advocacy was Defence Health, with nearly three quarters (72.3%) of members being 'highly likely' to recommend them, they were closely followed by Teachers Health with 71.8%. The biggest improvers over the last year for advocacy were Defence Health (up 2.9% points), HCF (up 2.1% points) and Australian Unity (up 1.8% points).

### Norman Morris, Industry Communications Director, Roy Morgan says:

*"With a great deal of negative publicity being given to the rapidly rising cost of private health insurance, it is not surprising that satisfaction levels of funds have been declining for a number of years. It is worth noting that a number of smaller funds have shown that it is possible to improve even in this environment."*

*"Our research shows that by far the major reason that fund members either drop out altogether or change funds, is to do with cost. As a result of these cost pressures, the proportion of the population with private health insurance over the last year has declined from 46.6% to 45.3%. Indications from our survey are that this decline is likely to continue over the next year, as shown by the fact that there is an increase in the proportion of fund members saying they will drop their private health insurance over the next 12 months."*

*“In this difficult and highly regulated competitive market, where factors impacting on the cost of private health insurance are largely outside the control of the funds, it remains critical that the larger funds learn from the smaller who not only show that they have the highest satisfaction but some have been able to improve this even further.*

*“This research has only covered a small part of the extensive data that Roy Morgan has relating to private health insurance and associated areas. The full database enables a more holistic understanding of this market particularly as it relates to the extensive list of health problems collected in this survey.”*

**For comments or more information about Roy Morgan’s banking and finance data, please contact:**

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### **About Roy Morgan**

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years’ experience in collecting objective, independent information on consumers.

### **Margin of Error**

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2