

23 December 2021

Medibank defers premium increase for 5 months and delivers our lowest average premium increase in 21 years

Medibank will return around \$135 million in COVID-19 permanent net claims savings to customers, by deferring next year's premium increases for 5 months.

Medibank and ahm health insurance premiums were set to rise by an average of 3.10% from 1 April 2022 – the lowest average premium increase in 21 years. This will now be postponed to 1 September 2022.

This next round of customer give back takes Medibank's total financial customer support package to around \$435 million.

The 5 month deferral of the premium increases will be applied automatically on 1 April 2022 to around 2 million policies for all Medibank and ahm customers who hold an active resident hospital and/or extras policy at any time during the 5 month period. Customers who are no longer active but held an active resident policy between 1 July 2021 and 31 December 2021 will be eligible for a give back.

The premium increase deferral is being funded from additional COVID-19 permanent net claims savings since 30 June 2021. This give back will not impact Medibank's operating earnings for the 6 months ending 31 December 2021.

Medibank CEO David Koczkar said:

"We know putting a 5 month pause on premium increases will be welcomed by our customers. This latest give back continues our commitment to return any permanent net claims savings due to COVID to our customers, and takes our total financial support package to around \$435 million – the biggest in our history.

"Customers will save on average around \$93 for hospital and extras policies and around \$8 on extras policies.

"We have worked hard to deliver our lowest average premium increase in 21 years, recognising the importance of keeping private health insurance affordable.

"While we know no one likes their premium to go up, healthcare costs are continuing to increase at a rate much higher than general inflation.

"We support the Government's commitment to reform the prostheses list, which could save the industry up to \$500 million, with savings expected to be realised over the next 4 years. We remain committed to passing on any related savings to our customers through lower premium increases and we will continue to advocate for changes that support the long-term sustainability and affordability of private health insurance.

"We're also committed to providing our customers with greater choice and control around their healthcare. Our investment in short-stay models of care, virtual healthcare, clinical homecare and preventative health is designed around the needs of our customers as well as the future needs of the broader health system.

“As well, we are managing our own costs. Last financial year we delivered productivity savings of approximately \$20 million and are targeting \$15 million this year.

“Our focus remains on delivering value for our customers and supporting them through the ongoing impacts of COVID.”

COVID-19 financial support package and give back program

Phase 1 – Financial hardship support package and postponement of 1 April 2020 premium increases for 6 months – valued at \$185 million.

Phase 2 – ahm customer extras limits roll over valued at around \$10 million. ahm customers got another financial year to use any unclaimed extras annual limits, for services such as dental, psychology and physio (excluding optical and non-annual limits), as a result of not being able to use some of their health services during the COVID-19 lockdown.

Phase 3 – The return of around \$103 million in COVID-19 permanent net claims savings to all Medibank and ahm customers holding an active resident hospital and/or extras policy at any time during the period between 1 July 2020 and 30 June 2021.

Phase 4 – The return of around \$135 million in COVID-19 permanent net claims savings through deferring the 1 April 2022 premium increases for 5 months for all Medibank and ahm customers with an active resident policy during the 5 month period.

Next - We will continue to assess any permanent net claims savings due to COVID-19 and return those savings back to our customers.

Other ongoing customer support

- Customers doing it tough financially continue to be able to apply for policy suspensions. We've provided financial hardship support to more than 60,000 customers since the start of COVID.
- Extended extras cover for telehealth services for 9 allied health services such as psychology and physiotherapy for eligible customers (subject to annual limits and waiting periods).
- Continued access to Live Better at Home, a free online program of work out videos, cooking demonstrations and guided meditations.
- Mental health information and resources available through our Better Minds app and website and access to 24/7 Mental Health Support for eligible customers.

Further information:

- Customers who held an active resident policy anytime between 1 July 2021 – 31 December 2021 but cannot access the premium increase deferral in place from 1 April 2022 as they no longer hold an active resident policy with Medibank or ahm, will be eligible for a give back.
- The premiums charged for each product are influenced by several factors such as the state/territory a product is offered in and the costs associated with a hospital stay, the type of cover (e.g. family, single), the excess levels and the general claiming pattern on that product.
- The average premium increase is an overall figure. Customers may experience a premium change above or below the average.

- Medibank and ahm customers whose premiums will increase from 1 September 2022 will be formally notified of their new premium via post or email from August 2022.
- Medibank customers can also find more information about premiums on the Medibank website or by calling Medibank on 132 331, and ahm customers can visit the ahm website or call ahm on 134 246.

This announcement has been approved for release by the Chief Executive Officer, David Koczkar.

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