

Health Insurance Statistics December 2007

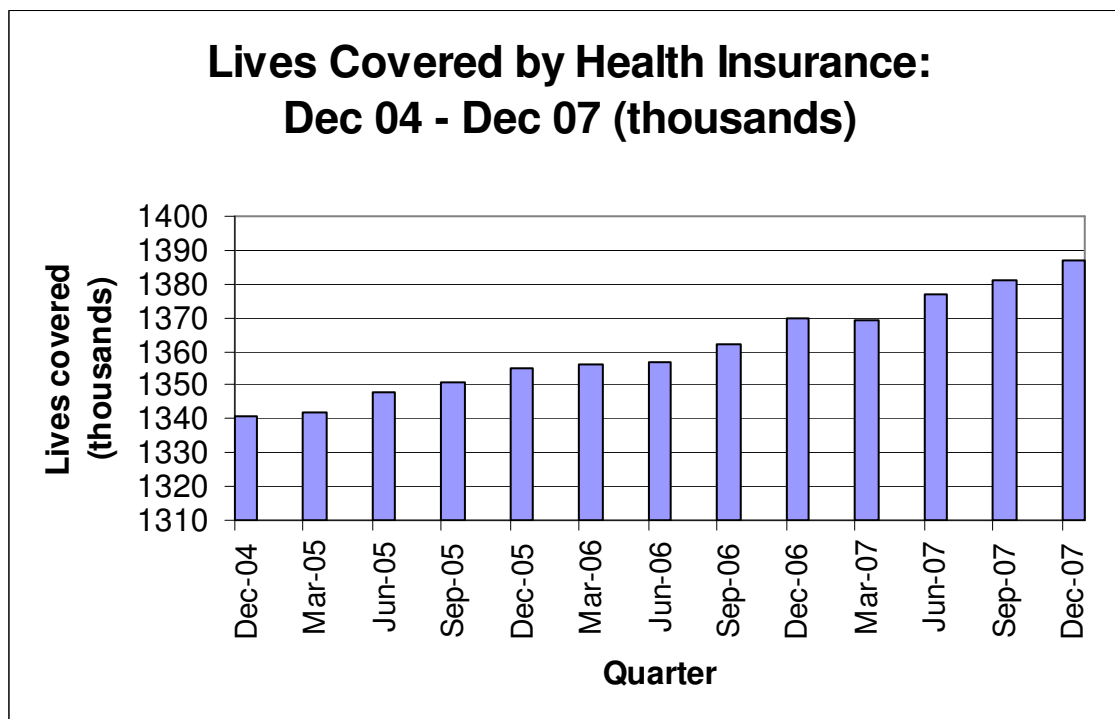


Released February 2008.

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 31 December 2007.

➤ Lives covered up 0.4% in December Quarter

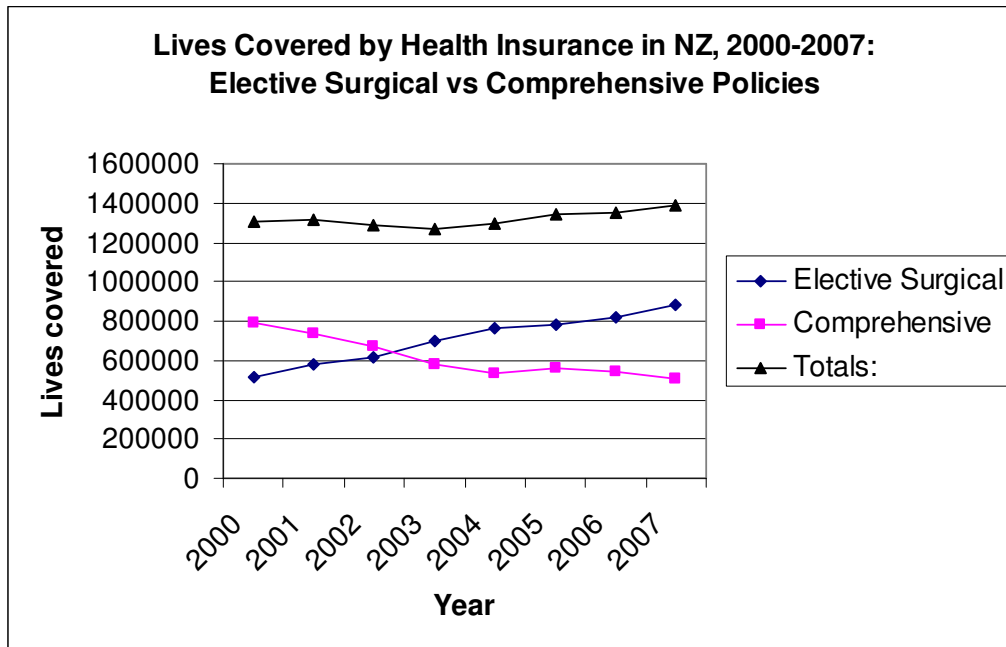
The number of lives covered continues to increase. In the 3 months to 31 December 2007, health insurers reported a net increase in the number of lives covered of 5,400 (0.4%) taking the total lives covered to 1.387 million. The 12 month increase of 16,900 represents a 1.5% increase from December 2006.



➤ Trend to elective surgical and specialist cover

The trend away from comprehensive policies and towards major medical insurance continues. The net 5,400 increase in lives covered represents an increase of 10,200 people with elective surgical and specialist cover and a reduction of 4,800 having comprehensive insurance.

Elective surgical and specialist cover now accounts for 879,300 of the 1.387 million lives covered, or 63.4% of those covered by health insurance. Comprehensive health insurance accounts for just 507,500 lives covered, or 36.6% of policies.



➤ **Lives covered by age**

A breakdown of the lives covered by age group shows growth is spread across a range of age groups.

Age	Grand totals			
	Dec 2006	Dec 2007	Diff	Percent
0-4	61,048	63,570	2,522	4.1%
5-9	82,389	82,285	-104	-0.1%
10-14	94,962	93,939	-1,023	-1.1%
15-19	98,803	99,779	976	1.0%
20-24	68,750	71,693	2,943	4.3%
25-29	63,056	65,384	2,328	3.7%
30-34	86,429	84,155	-2,274	-2.6%
35-39	110,787	111,655	868	0.8%
40-44	123,429	121,562	-1,867	-1.5%
45-49	128,529	130,609	2,080	1.6%
50-54	121,346	121,973	627	0.5%
55-59	117,780	116,263	-1,517	-1.3%
60-64	84,922	91,006	6,084	7.2%
65-69	53,198	56,259	3,061	5.8%
70-74	30,091	31,159	1,068	3.5%
75-79	22,096	22,169	73	0.3%
80-84	14,773	15,209	436	3.0%
85-89	5,798	6,246	448	7.7%
90+	1,790	1,917	127	7.1%
Unknown	44	41	-3	-6.8%
Totals	1,370,020	1,386,873	16,853	1.2%

There is significant growth in the following age groups:

- Aged 0-4: up 2,500 (+4.1%)
- Aged 20-24: up 2,900 (+4.3%)
- Aged 25-29: up 2,300 (+3.7%)
- Aged 60-64: up 6,100 (+7.2%)
- Aged 65-69: up 3,100 (+5.8%)

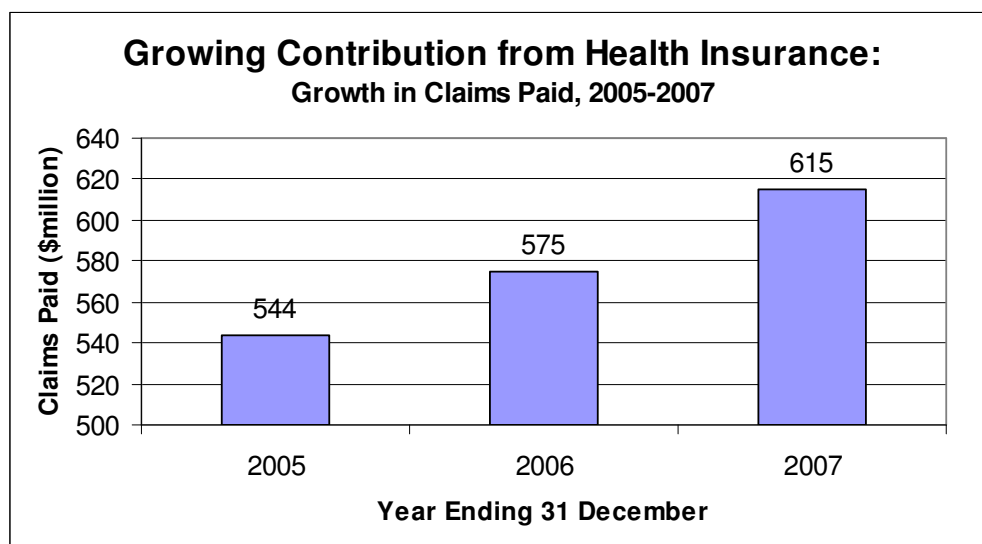
There are a range of factors influencing this, including demographic changes. With an aging population, there is an expected increase as more people with insurance are moving into these older age groups. Higher birth rates are also a factor behind the increase in the 0-4 age group, with NZ recently recording the highest number of births since 1972¹.

In addition, 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. There is also the effect of strong economic statistics, particularly employment growth and the effects of working for families on discretionary family income. The increased take-up by those aged 20-24 and 25-29 may be a sign of greater awareness of the benefits of taking out health insurance early on, and reflect the impact of employment growth on take up of workplace based health insurance.

➤ **Claims paid up 6%**

Health insurance claims paid in the December quarter totaled \$160 million, taking claims paid in the 12 months to December 2007 to \$615 million. This is an increase of \$40 million or 7% on the total claims paid in the 12 months to December 2006. In addition to growth in the number of insured persons, the increase is attributable to both an increase in the number of claims and an increase in the costs of treatment.

Because most of these claims relate to elective surgical procedures, there is a significant benefit to the public sector in terms of reduced demand for elective procedures and freeing up of public health resources.



¹ Year ending 30 June 2007; Statistics New Zealand.