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MEDIA RELEASE – FOR IMMEDIATE USE

Evidence health insurance more important than ever in recession

About 27 New Zealanders a day took out new health insurance policies in 2008, according to figures released today by the Health Funds Association (HFANZ).

Health insurers recorded an extra 9700 lives covered in 2008, an increase of 0.7 percent on 2007, bringing the total number of New Zealanders with health insurance to 1.397 million, HFANZ executive director Roger Styles said.

In the three months to December 31, 2008, an additional 1700 health insurance policies were taken out, up 0.1 percent on the September 2008 quarter, despite expectations of a reasonably flat quarter because of the recession.

“Health insurance is more important than ever in uncertain times. These figures show people aren’t saying ‘we can’t afford health insurance’ - they’re saying ‘we can’t afford not to have it’,” Mr Styles said.

Significant gains were again noticed in the 60-64 age bracket, which comprised more than half of all new policies in the year. Continuing growth was also noted in the 20-24 age range and in policies taken out for those aged four and under. Mr Styles said 66,000 preschoolers were now covered by health insurance.

“This reflects the increase in babies being born and the fact that it is easy for parents to add their children on to their existing policies for very little additional cost,” he said.

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Claims paid in the last year jumped 13.1 percent to \$696 million, an increase of \$81 million on 2007. Claims paid in the December 2008 quarter were \$180 million, down slightly on the September 2008 quarter but up significantly on the \$160 million paid in the December 2007 quarter.

Mr Styles said these costs reflected the greater amount of elective surgery being carried out by the private sector and increasing healthcare costs. With the bulk of claims relating to elective surgery, he said this represented a saving to the public sector of around half a billion dollars annually.

Despite the overall increase in coverage in 2008, Mr Styles said health insurance for the over-65 age group was still well below levels for the general population at just 24 percent, and growth in coverage had slipped below the rate of population growth for this age group.

“This is just the age when people begin to need health services more. The Health Funds Association was supportive of proposals floated last year for a rebate for those in this older age group who retain their health insurance, and we will continue to work with the new National-led Government to make this happen,” Mr Styles said.

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