



HBF tips better year, regains market share

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WA's biggest health fund has reversed a seven-year slide in its market share during 2008-09 as it ramped up benefits for members to counter increasingly aggressive national competitors.

HBF managing director Rob Bransby said yesterday the group had worked hard to stem a decline in its market share after watching its dominance eroded by national players for several years and had seen the first signs of its market share increasing over the past 12 months.

The fund held more than 70 per cent of the WA market as recently as the late 1990s, but that figure had been in decline in recent years as national players offered new incentives to lure members and gain a foothold in what they saw as a lucrative market with few competitors.

WA has historically had a higher rate of private health insurance membership, with 50.4 per cent of West Australians in a private health fund in 2009 compared to the nation's 45 per cent membership rate.

"The competition's been ramped

up and probably for the last seven years, maybe even longer, we'd been declining ... we've had to freshen the organisation up and get out there and sell our proposition," Mr Bransby said.

Increased dental and optical benefits helped the health insurance provider increase member numbers 4.8 per cent during the year, while policy growth was 5.8 per cent. The gains leave HBF with about 58 per cent of the WA health insurance market.

But the membership push failed to offset the impact of the economic crisis on its bottom line, with the collapse in equity markets decimating HBF's investment portfolio and driving it to a \$115 million loss for the year to June 30.

The value of the fund's investments slid 22 per cent during the year, roughly in line with the S&P-ASX 200's 25 per cent decline.

According to its unaudited accounts, operating profit for HBF's core health insurance business fell to \$15.6 million from \$52.7 million a year earlier, largely driven by higher benefit payouts.

The fund holds about 7 per cent of

the national health insurance market, which paid out a record \$11.4 billion in claims in 2008-09. HBF benefit payments rose 10.1 per cent to \$775 million.

Mr Bransby yesterday hinted at an end to the fund's below-market premium rises of recent years after HBF raised premiums 7.95 per cent this year, a bigger increase than most of its competitors.

"It's always a significant challenge when you've got benefit growth at 10 per cent-plus, like we did last year, to try to hold premiums down to a reasonable level, but I would expect we'd be in the mix with the industry," he said.

Mr Bransby also tipped a better year for the fund's investment portfolio in 2010, noting it had recovered \$21 million since the end of June.

HBF's cash reserves remained strong despite a dip during 2008-09, he said.

Mr Bransby's comments came after the chief of Australia's only listed private health fund, NIB, hinted at higher premiums in the year ahead.

Going up: Higher dental and optical benefits helped HBF lift member numbers.

