

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**ADDITIONAL ESTIMATES 2012-2013**

**Finance and Deregulation Portfolio**

**Department/Agency:** Medibank Private

**Outcome/Program:**

**Topic:** Medibank expenses ratio

**Senator:** Nash

**Question reference number:** F27

**Type of question:** Written

**Date set by the committee for the return of answer:** Tuesday, 2 April 2013

**Number of pages:** 1

**Question:**

Why has the growth in Medibank Private's Management Expense Ratio (MER) increased at a rate 5 times that of its nearest competitor, when Medibank's revenue has increased by \$300m. How is this possible?

**Answer:**

PHIAC reports Medibank Private's management expenses per average policy as \$282. This is very similar to that of its nearest competitor.

Recent growth in Medibank Private's MER is a result of substantial investment in the business, including the renewal of core IT systems and infrastructure and establishing member value developments such as Mi Health. This investment is expected to produce benefits in future years.