

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

Finance and Deregulation Portfolio

Department/Agency: Medibank Private

Outcome/Program: General

Topic: Volatility of claim levels

Senator: Xenophon

Question reference number: F4

Type of question: Hansard, F&PA Committee, page 12, 16 October 2012

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Question:

Mr Savvides ...Year on year, claiming levels change even by state. South Australia in the year gone—not this year but the one prior to it—had a lighter claiming experience. Hence the margins are higher for the private health insurers in that state, but that fluctuates year on year. Despite the attention drawn to those margins, they are just picking up volatility; they are not picking up long-term trends.

...

Senator XENOPHON: Just on that, and then I want to move onto another topic briefly: are you able to provide details on notice about that level of volatility that you have described?

Mr Savvides: I am happy to do that.

Answer:

Medibank's South Australian claims volatility can be illustrated by tracking the volatility in the difference between Medibank's Gross Margin versus the industry average. Since FY03 Medibank's Gross Margin in South Australia has ranged from 4.3 percent below industry average to 2.1 per cent above industry average.