

Monday, 14 May 2018

Over 250,000 didn't renew private health insurance

New research from Roy Morgan shows that in the year to March 2018, an estimated 256,000 people decided not to renew their private health insurance. This was an increase from the same period in 2017 when it was 182,000, making it the highest number for the last five years.

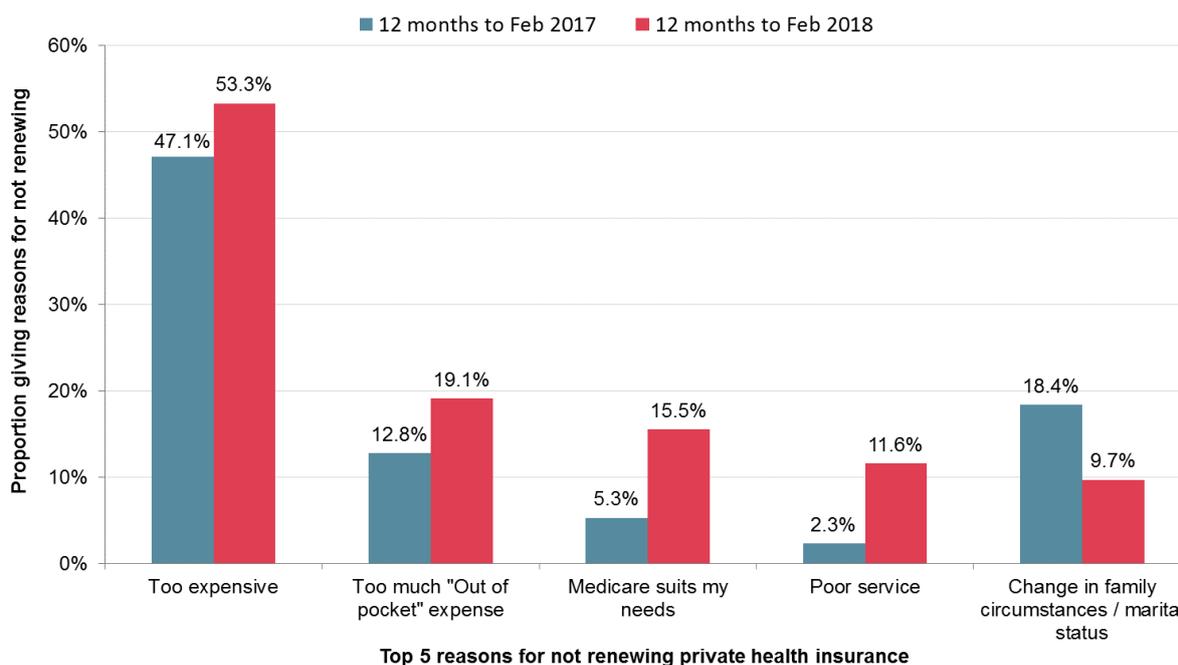
These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including coverage of over 20,000 private health insurance members.

Cost not the only reason for not renewing health insurance

Being 'too expensive' is the main reason that consumers give for dropping out of health insurance. This has risen to 53.3% over the year, up from 47.1% in the previous year.

The second major concern among those who didn't renew is to do with the gap in coverage by their fund. In the current year there was a big increase in the proportion saying that their major reason for leaving was 'too much out of pocket expense' with 19.1%, up from 12.8% last year.

Reasons for Not Renewing Private Health Insurance



Source: Roy Morgan Single Source Australia. 12 months ended February 2017, n = 50,003 and 12 months ended February 2018, n = 50,006.

Base: Australians aged 14+ who didn't renew private health insurance. 12 months ended February 2017, n = 117 and 12 months ended February 2018, n = 160

Nearly one in six (15.5%) of members who didn't renew said that 'Medicare suits my needs', up from only 5.3% last year. It appears that there are an increasing number of people seeing no real value in having private health insurance, given its cost and perceived benefits over simply relying on Medicare.

Over the year there was also an increase in concerns regarding service, with 11.6% saying that they didn't renew because of 'poor service', up from 2.3% the previous year.

In past years, a major reason for not renewing health insurance involved a 'change in family circumstances/marital status'. Although still important with 9.7%, it is well down on the 18.4% who gave this reason last year.

FOR IMMEDIATE RELEASE

An analysis of the individual major health funds shows that cost ('too expensive') is generally the main reason for each that members don't renew.

Norman Morris, Industry Communications Director, Roy Morgan says:

"With a great deal of negative publicity being given to the rapidly rising cost of private health insurance, it is not surprising that the major reason given for not renewing is to do with the increasing expense for many households.

"This research has shown that apart from the cost of health insurance being a major problem for customer retention, it should be related to the perceived benefits or value of paying increasingly high premiums. With a large proportion of individuals who leave saying that there remains a major gap for them to pay (i.e. 'too much out of pocket expense') and 'Medibank suits my needs', there is major doubt among many members regarding the current value to them of retaining their private health insurance. It is up to the health funds to communicate the value of having private health insurance over just relying on Medicare.

"Our research on member satisfaction with private health funds has shown major differences in satisfaction across funds and as a result the poorer performers could learn from the top ones and so improve their chances of member retention.

"These findings have only covered a small part of the extensive data that Roy Morgan has relating to [private health insurance](#) and associated areas. The full database enables a more holistic understanding of this market, including how it relates to the extensive list of health problems collected."

To learn more about Roy Morgan's private health insurance data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

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About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

