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## Health insurance industry distrusted by Australians

**The Private Health Insurance (PHI) industry is critical economically to Australia, and the decreasing proportion of Australians choosing to pay for PHI must be of concern.**

As the private health insurance industry gears up for another unpopular increase in premiums, DISTRUST has emerged as a critical issue.

The Private Health Insurance (PHI) industry is as complex an industry category as they get. There are restricted membership funds, open membership funds, not-for-profits, for-profits, member-owned, giant commercial funds and tiny state/industry-based funds.

The health ecosystem in which the PHI companies operate is highly trusted. Healthcare professions consistently rank as the most respected in Australia and have done so since 1994, when Roy Morgan started measuring honesty and ethics. Nurses, doctors, pharmacists and dentists are consistently at the top of the list. Yet the private health insurance industry, with its member touchpoints embedded in this trusted health ecosystem, is itself distrusted.

According to a new landmark survey, private health insurance is more distrusted than it is trusted by Australians.

In Net Trust Score (NTS)<sup>©</sup> surveys conducted by the Roy Morgan Research Institute between Oct 2017 & Feb 2018, the **health insurance industry** recorded a negative NTS of -2.6%

Trust Score	1.3%
Distrust Score	3.9%
<b>Net Trust Score (NTS)</b>	<b>-2.6%</b>

With a Net Trust Score of -2.6% the Private Health Insurance industry in relation to other industries it is lower than retail and travel-sitting between gambling, real estate and FMCG.

**According to Roy Morgan CEO Michele Levine this level of systemic distrust is unexpected given the highly trusted health system it operates in.**

*“There is no doubt that when a patient has to pay an unexpected gap at a doctor’s surgery or hospital, they do not blame the health professionals, they blame their private health fund.*

*“The private health insurance industry is inherently anchored on trust. It is a core component of the customer-insurer partnership.” she said.*

*“The customer places their trust in the insurer; should they need to make a claim, they trust the insurer to fulfil its policy obligations. So, this level of industry distrust should be of concern to the funds.*

*“With trust at the heart of the health insurance relationship – current and potential – a fund’s degree of customer trust directly impacts so called brand stretch, pricing elasticity and member retention.*

*“Higher levels of trust feed a customer’s emotional belief that their fund will deliver on its policy promises, in turn reducing the customer’s price sensitivity. This is important to health insurance funds,*

*“In the current market in which private health insurance premiums continue to rise, it is a matter of survival that funds maintain high levels of net trust.”*

Net trust is the measure of trust minus the measure of distrust in a category or a brand. This is known as NTS or Net Trust Score.

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The Roy Morgan **Private Health Insurance Tracker** survey reveals that while the most trusted funds are **BUPA** and **Medibank Private**, they are also the most distrusted with BUPA being more distrusted than it is trusted.

*“When we subtract distrust from trust, we discover that the private health insurance funds with the highest net trust scores are **HCF** followed by **Teachers Health** and **Medibank Private**”.* said Michele Levine,

*“There is only one fund in negative NTS territory,” she said, “and that is **BUPA**. However, our survey was conducted during the week that saw so much negative media coverage of BUPA’s plans to reduce some benefits, so that result is unremarkable. Indeed the earlier research across all industries showed that prior to March BUPA was in marginally positive NTS territory.*

*“Taken together, what these results show, is that distrust is very volatile, and given that distrust drives behaviour (like switching from one fund to another), this is significant and needs to be tracked over time,” she said.*

## Methodology

Initially, at Roy Morgan we asked 2,848 Australians which BRANDS they TRUST and which they DISTRUST

To date we have conducted 3 rounds:

1. October 2017
2. January 2018
3. February 2018

Then in March 2018 we conducted a survey of another 1,600 Australians asking which private health insurance brands they TRUST and DISTRUST.

The surveys are unprompted and open ended (qualitative + quantitative). Respondents are recruited from the Roy Morgan Single Source database (panel >600,000).

We subtract the distrust score of each nominated brand from its trust score. The result is a Net Trust Score or **Brand NTS**.

Respondents are also asked **WHY** they trust or distrust nominated brands.

*“It is the deep qualitative insights that emerge from this probing that enable us to understand what is going on in the minds of Australians.”*

**To find out more about this landmark study on the [Private Health Insurance industry](#) and download your complimentary copy, visit our [online store](#) today.**

## For further information:

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## About Roy Morgan

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