

Wednesday, 17 March 2021

Private health insurance customer satisfaction lifts

New data from Roy Morgan shows satisfaction with private health insurance is up both month-on-month and year-on-year. Overall, a total of 73.7% of Australians holding private health insurance were either 'very satisfied' or 'fairly satisfied' with their private health insurance provider in the latest 'Customer Satisfaction: Private Health Insurance' report.

The report is based on interviews with almost 25,000 policy-holders, and tracks rolling monthly averages up to December 2020. It shows that satisfaction across the funds as a whole was up by 0.5% from the previous month, November 2020, and up by 1.8% on a year earlier, December 2019. Many health funds offered assistance including payment pauses or reduced premiums during 2020 to members under financial stress as a result of the COVID-19 pandemic. However a number of funds also increased their premiums.

The best-performing private health insurers had customer satisfaction levels well above the overall industry average. In top position was Health Partners on 91.6%. It was followed by Defence Health (on 88.6%), CUA Health (87.0%), Latrobe Health Services (86.9%) and Westfund (86.5%). Of these five, CUA Health is the only for-profit fund (its parent company, CUA bank, is a mutual organisation).

Australia's largest fund by market share, Medibank Private, had a satisfaction rating of 69.8%, one of the lowest of the more than two dozen funds measured. BUPA, which is a close second in terms of market share, had a slightly higher score of 71.5%. Each of those funds has more than twice as many members as the next largest fund, HCF, which had a customer satisfaction rating of 75%.

With many health insurance members facing another premium rise in April 2021, Roy Morgan CEO Michele Levine says customer satisfaction is a crucial measure for health funds because of its close link to member retention, as the percentage of Australians with private health cover continues to shrink.

"As of December 2020, 43.9% of Australians hold at least some private health insurance, in the form of basic hospital cover. This is only a marginal fall from the 44% who had it a year earlier, but it's a continuation of the steady decline seen over the past seven years, from the 47% who held it in December 2013.

"Looking at the latest retention rate data from the Commonwealth Ombudsman (2019-2020 financial year), the link between customer satisfaction and customer retention is crystal clear. Health Partners, the top performer in our 'Customer Satisfaction: Private Health Insurance' report, has with a satisfaction rating of 91.6%. Its member retention rate is 90%. This compares to Medibank Private, with a satisfaction rating of 69.8% and a retention rate of 75%.

"The days when a dissatisfied customer would stay with a health fund because it was too much trouble to change are long gone. Unhappy customers vote with their feet ... and their hard-earned dollars. It's true you can't please all the people all the time and this is an issue the largest funds grapple with, as their ratings demonstrate.

"Health funds get feedback on how their own customers feel about them, but feelings about their competitors are at least as important, which is one of the key reasons our independent reporting is so useful right across the industry."

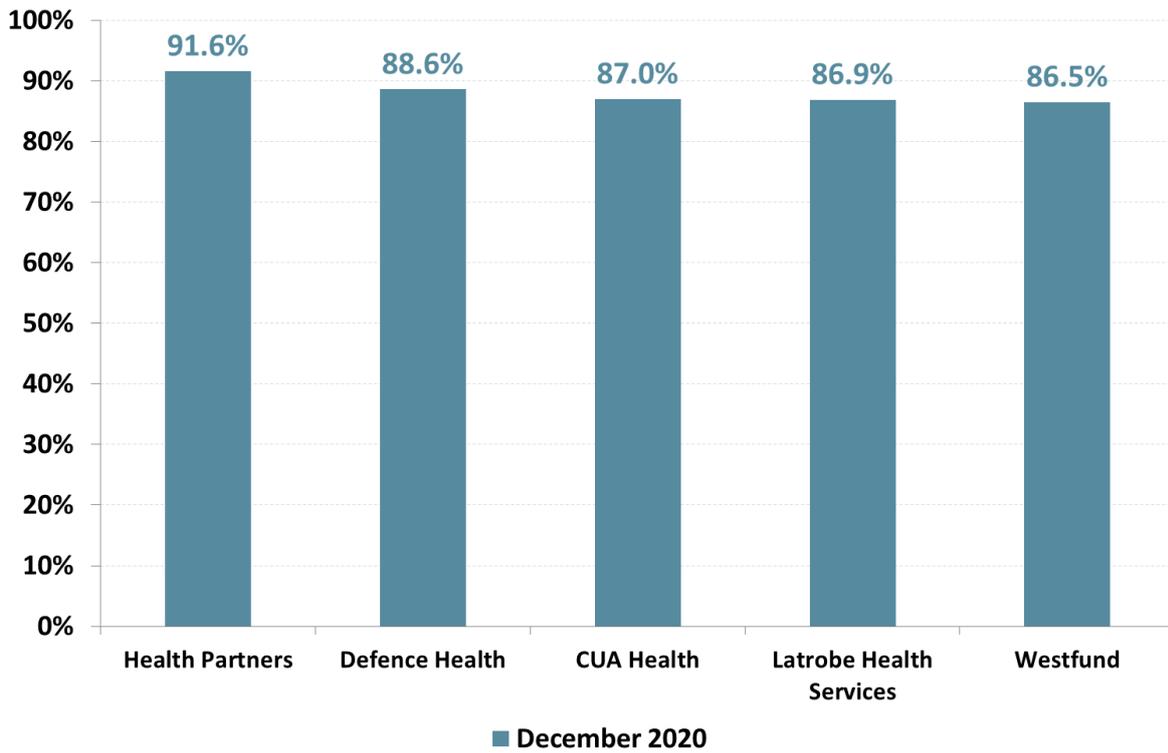
Michele Levine is available for interview. Further in-depth insights are also available.

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For in-depth detail on customer experience across all funds, Roy Morgan's ['Customer Satisfaction with Private Health Insurance'](#) report is available for purchase.

FOR IMMEDIATE RELEASE

Private Health Insurance Customer Satisfaction – Top 5



Source: Roy Morgan Single Source (Australia), January – December 2020, n=24,997.

Base: Australians aged 14+ who hold private health insurance policies.

To learn more about Roy Morgan’s private health insurance data, call (+61) (3) 9224 5309, email askroymorgan@roymorgan.com or visit the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is Australia’s largest independent research company, with offices in each state, as well as in the U.S. and the U.K. A full-service research organisation, Roy Morgan has over 75 years’ experience 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