

# Document 2

**From:** PHI  
**To:** s 22  
**Subject:** FW: HBF 2018 Premium Round Application [SEC=UNCLASSIFIED]  
**Attachments:** [HBFLogo\\_f1a8a8cb-4f0c-4875-8ed9-4e7b992dcfd9.gif](#)  
[HBF14110AcquisitionExtrasPOSEmailSignature\\_d1458ca4-760d-45a4-b714-a37b27efbfab.jpg](#)  
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[image003.jpg](#)  
[image004.jpg](#)  
[image005.jpg](#)  
[image006.jpg](#)  
[HBF 2018 Rate Change Cover Letter.docx](#)  
[HBF 2018 Rate Change Submission.docx](#)  
[HBF 2018 Rate Change Submission Templates A, B and C.XLSX](#)  
[171110 REP HBF 2018 Prem Round.pdf](#)

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This is the first.....  
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**Director**  
**Strategic Operations and Compliance Section**  
**Private Health Insurance and Pharmacy Branch**

Technology Assessment and Access Division  
Department of Health  
T: 02      M:      --  
PO Box 9848, Canberra ACT 2601

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**From:** Bobby Patel [mailto:Bobby.Patel@hbf.com.au]  
**Sent:** Friday, 10 November 2017 2:52 PM  
**To:** PHLpremiumround@apra.gov.au  
**Subject:** HBF 2018 Premium Round Application [SEC=No Protective Marking]

To Whom It May Concern,

Please find attached HBF's request for approval, to change premiums charged under a complying health insurance product as part of the 2018 premium increase round.

Attached to this email are:

1. Submission Cover letter
2. Submission Document outlining our detailed justification for the change
3. Actuarial Opinion
4. Submission Templates A, B and C

Please contact me directly should you have any queries.

Kind Regards,

Bobby

**Bobby Patel**

Head of Data Analytics

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**E** [Bobby.Patel@hbf.com.au](mailto:Bobby.Patel@hbf.com.au)

**T** (08) 9265 6128

HBF Health Limited  
570 Wellington Street  
Perth WA 6000



**Keep in touch**



**w** [hbf.com.au](http://hbf.com.au)

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HBF Health Limited ABN 11 126 884 786

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Pharmacy and Insurance Branch  
 Technology Assessment and Access Division  
 Department of Health  
 GPO Box 9848  
 Canberra ACT 2601  
 (02) 6289 1555

10 November 2017

Dear Ms Julianne Quaine

**RE: Request for approval to change premiums charged under a complying health insurance product**

Please find enclosed, HBF Health Limited (HBF)'s submission to change premiums as part of the 2018 premium increase round, for your approval.

HBF is a not-for-profit private health insurer that focuses on maximising benefits for its members whilst keeping premiums as low as possible. As such, this proposed rate increase is the minimum required for HBF to achieve a positive operating result and is critical to ensuring the ongoing sustainability of HBF. We acknowledge the recent government reform and its intent to improve Private Health Insurance affordability and believe that our requested percentage increase of well below previous years is a positive step in this ongoing reform.

HBF requests permission for a premium increase of 3.90% (rate protected) on 1 April 2018. HBF strongly believes that this rate increase is necessary to meet the rising cost of claims and to restore HBF's net margin to a sustainable level. This submission takes into account savings resulting from the changes to Prostheses List pricing recently announced (representing an estimated \$17M saving to HBF in CY2018), as well as further savings HBF is anticipating from sustainable product changes and improvements in operational efficiency over the projection period

The premium increase is required by HBF to meet the increased cost of benefits and ensure HBF achieves a positive operating result<sup>1</sup>, summarised in the table below:

|                                  | FY17/18 |
|----------------------------------|---------|
| Overall Rate Protected Increase  | 3.90%   |
| Forecast Net Margin <sup>2</sup> | -0.2%   |
| Forecast Operating Result        | 0.2%    |

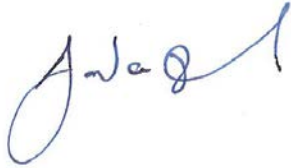
<sup>1</sup> Operating Result – Margin inclusive of Health Related Business, but excluding investment income

<sup>2</sup> Net Margin – Health Insurance Business Margin, excluding Health Related Business and Investment Income

Our detailed justification for the change is outlined in the enclosed submission.

If you have any queries or if you require any further information, please contact Bobby Patel on (08) 9265 6128 or 0404 023 010.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'John van Der Wielen', written in a cursive style.

**John van Der Wielen**

Managing Director  
HBF Health Limited

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