



# Healthcare 99

## September 2009

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## IMPORTANT HEALTHCARE 99 UPDATE

### CONTRIBUTION RATES

#### Actuary Report



Aon NZ Ltd at the moment is the preferred claims manager of Healthcare 99.

Every year Aon NZ Ltd requests Marcelo Lardies of the New Zealand Society of Actuaries to prepare an *Actuarial Investigation of Healthcare 99*. This year the report was 27 pages.

The actuary looks at such things as the number of claims, amount of benefit paid, the size of the fund's reserve, the effect of age group banding, and the previous 5 years of claim activity. With this information and with a knowledge of the current trends in the healthcare market place, The Actuary suggests contribution rates which are expected to be sufficient to meet all claims and expenses of the Plan over the next twelve months.

#### Rising Costs



Technology is producing better prosthetic devices. For example, a titanium prosthetic device that is now available for hip replacements is designed to last much longer than the previous types. This advance is certainly welcomed by anyone who will be having a hip replacement. The older devices had a life span of about 10 years. This device is more expensive than previous models but is certainly worth it because of its longer life span. This is only one of many factors that continually push the cost of healthcare upward.

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# CONTRIBUTION CHANGES

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## SEE ENCLOSED BROCHURE FOR NEW RATES

### **Healthcare 99 Increase**

After analysing the evidence put forward by the Actuary Report, The Healthcare 99 Committee and Healthcare Trustee is confident that a rise of 3.75% this year for all members will be adequate. This decision is based on a very low overhead. The reserves are not for profit but belong to the members. If during a time of recession a small amount of this reserve is required by members, then so be it. Over the past 10 years this fund has been prudently and conservatively managed. The proof of this is in the size of the reserve that exists today.

In 2009, the Healthcare 99 Trust Fund is financially secure with a reserve able to cover claims for up to 6 months. This is a comfortable buffer to those who are part of this scheme.

This year the rise will apply to all age bands including the 60 years and over. Last year the 60+ age band had a nil increase. The Trustee is conscious of the burden of higher contribution rates for older members. However this year it was felt the increase to all members could be lower if the new rate applied to everyone.

### **New Brochure**

Included with this newsletter, you have a new Information Brochure that includes the Rules of the Mutual Fund, the Terms and Conditions, the current Contribution Rates and a Table of Benefits. These new contribution rates take effect from October 2009. Remember there is only one annual increase. If you move into another age band during the year, you will remain on your current band until the next annual increase.

### **What you NEED to do**

NOTHING —————→ if you ACCEPT the new contribution rates.

ADVISE THE OFFICE —→ before the 7th of Oct 2009 if you do NOT wish to accept the new contribution rates.

***Healthcare 99 is a mutual health fund not an insurance plan***