



nib first
choice

nib First Choice

Working to help keep health insurance premiums affordable



Agenda

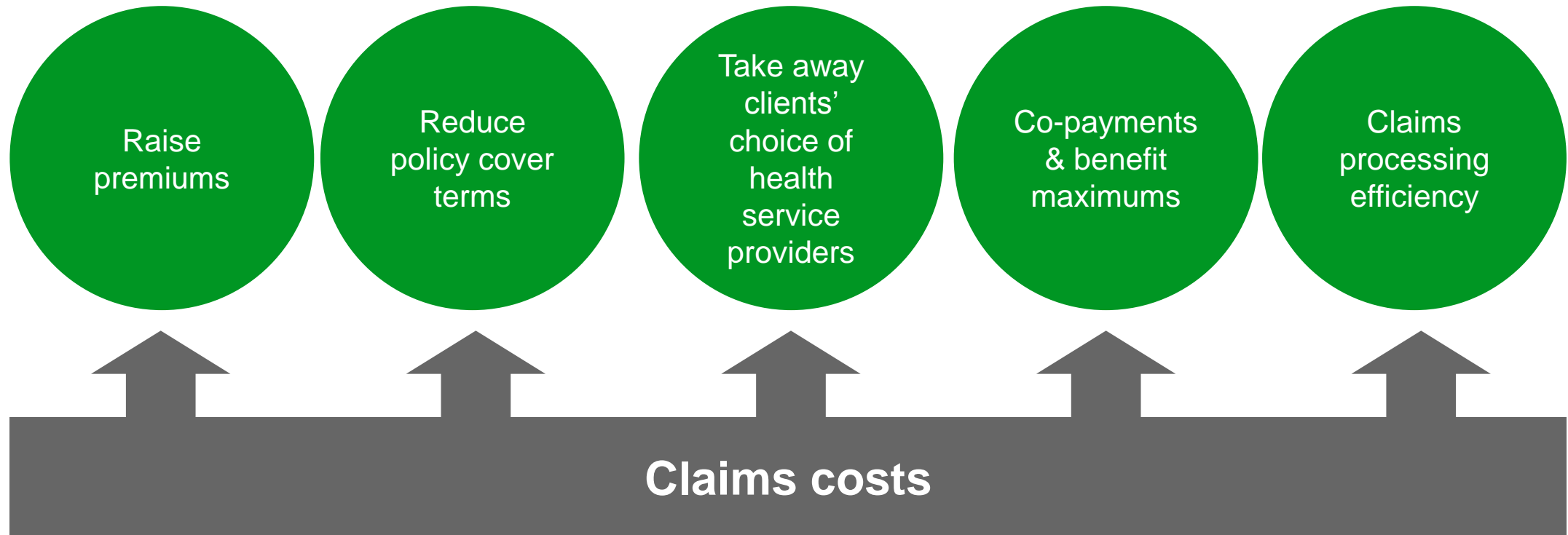
- The challenges – why doing nothing is not an option
- nib First Choice network – features and goals
- Behind the scenes – how the network was developed
- How First Choice affects payment for health services
- Client information and claims payments
- Summary – how First Choice affects stakeholders (clients – advisers – health providers – GPs)

...And some exciting policy upgrades and campaigns!

Challenges that we face...



Some alternative solutions...?





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Introducing the nib First Choice network



What is the nib First Choice network?

Health service providers who have been accepted into the nib First Choice network because:

- Their charges for the health services they provide are within the First Choice price range; and/or
- Their inclusion gives clients in less populated regions access to health services through the nib First Choice network

Clients can still choose health service providers who are not in the nib First Choice network

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Goals of the nib First Choice network

- Maintain clients' choice of health service providers
- Reduce excessive claims charges
- Reduce claims handling costs and increase efficiency
- Contain premium inflation

Which nib clients will be affected?

Policies affected by nib First Choice:

- ✓ Easy Health
- ✓ Ultimate Health
- ✓ Legacy (retail) policies

These policy terms will be amended to include nib First Choice terms and conditions.

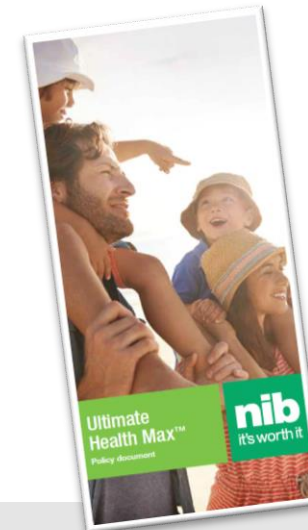
Excesses and policy coverage terms will still apply.



Policies not affected by nib First Choice:

- ✗ Ultimate Health Max
- ✗ Major Medical (ex OnePath)
- ✗ Some group health policies (negotiated at renewal)

Clients with these policies can still use the nib First Choice network.





Behind the scenes...

How the nib First Choice network was developed

What is the basis of the nib First Choice network?

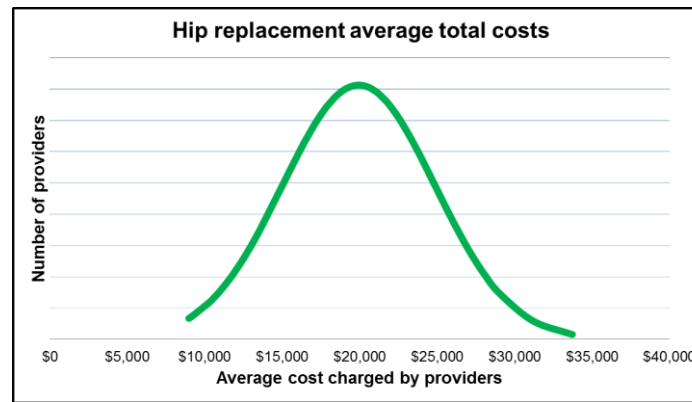
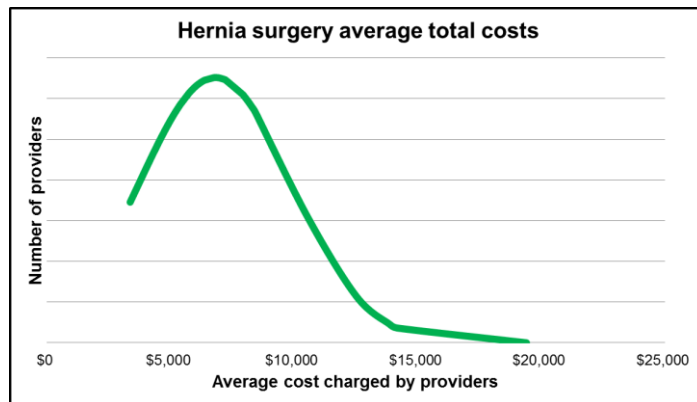
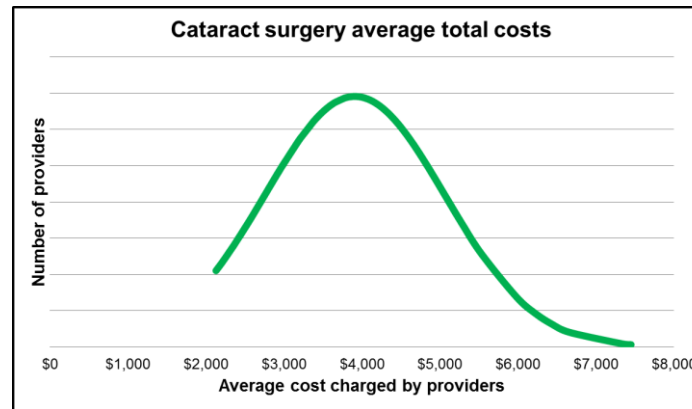
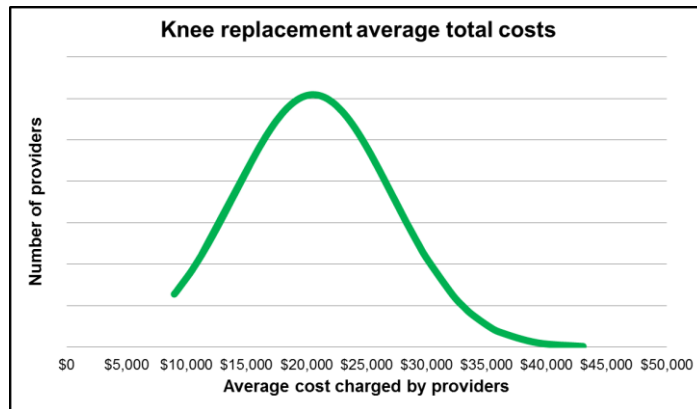
The nib First Choice network is based on a detailed assessment of factual data:

- nib contracted a leading international consultancy to analyse the health service charges for a wide range of health services, using multiple data sources.
- The initial focus was on health services that are **most common, most expensive** and where charges are **most variable**.
- Many health service provider charges are within our First Choice price range. nib wants to maintain good relationships with these providers.
- Some health service providers charge substantially more than others, with no obvious increase in quality of care or outcomes. nib wants to get these providers into the network.

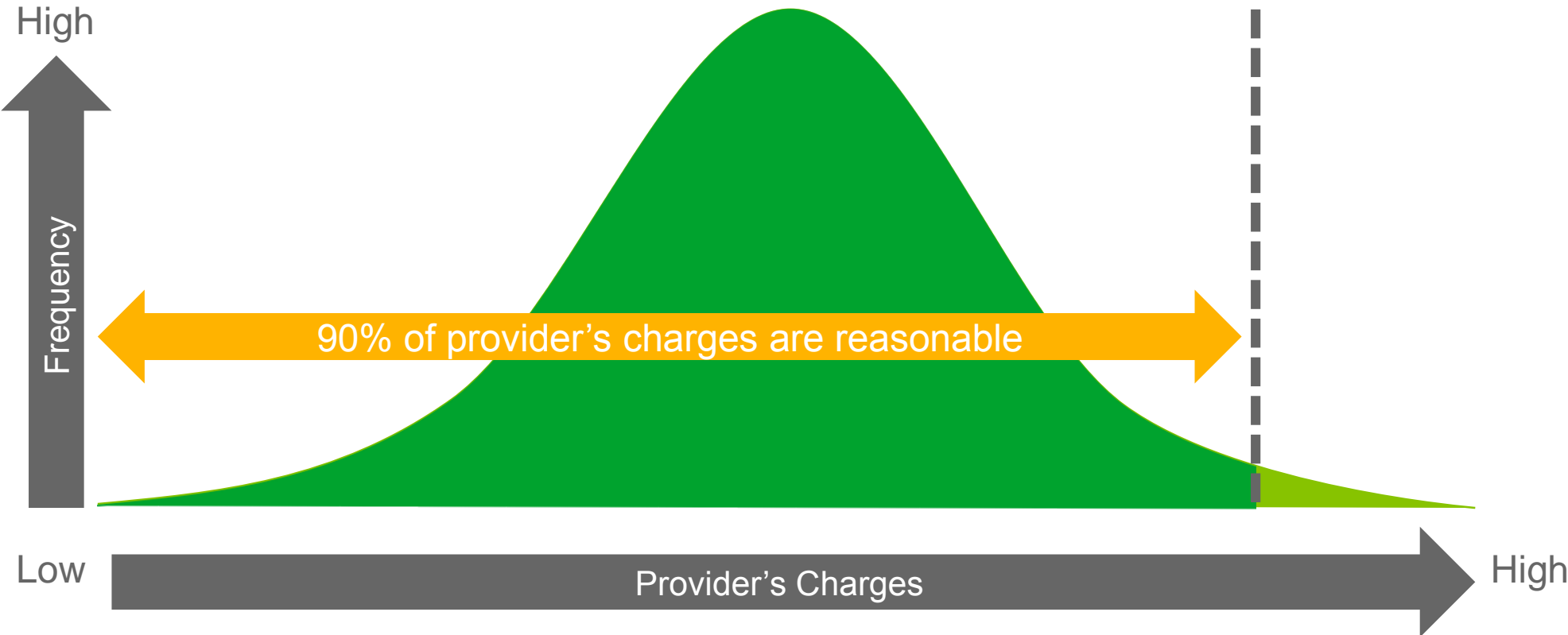
Some examples...

Charging variability is a real issue and a significant cost

...Some providers charge **\$20,000** more than the median provider charge for a knee replacement



The analysis showed that charging varies considerably for some health services...



How this works across a range of health services

All health services & health service providers

Health services subject to First Choice

Providers accepted into the First Choice network

Not in network

Not covered under client's policy terms e.g.

- Mental illness
- Acute Care etc.

Covered under client's policy but currently not subject to First Choice terms e.g.

- Specialist consultations (w/out treatment)
- GP, Dental, Optical etc.

How this works across a range of health services

All health services & health service providers

Health services subject to First Choice

Initially, the health services under First Choice terms will be:

- Surgical
- Anaesthetist
- Prosthetics
- Hospital

Not covered under client's policy terms e.g.

- Mental illness
- Acute Care etc.

Covered under client's policy but currently not subject to First Choice terms e.g.

- Specialist consultations (w/out treatment)
- GP, Dental, Optical etc.



How nib First Choice affects payment for health services

What does this mean when it comes to payment for a health service that's affected?

How this works across a range of health services

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Client chooses a health service provider IN the First Choice network

- **nib pays** – the health service provider's actual charge less the client's policy excess
- **Client pays** – their policy excess

Client chooses a health service provider NOT IN the First Choice network

- **nib pays** – nib pays a set price, for the health service (called the Efficient Market Price – EMP), less the client's policy excess
- **Client pays** – the 'gap' between the actual charge and the EMP plus their policy excess

An example of how the client's choice of health service provider effects the amount they pay

Example: Hernia – Efficient Market Price = \$6,000


	First Choice provider	Not a First Choice provider	
Charge for health service	\$7,000	\$8,000	These providers are likely to charge more
EMP	N/A	\$6,000	
Example excess	\$500	\$500	
nib pays	\$6,500	\$5,500	Health service provider's charge less EMP and excess
Balance payable by client	\$500	\$2,500	



Client Information and Claims Payments

How will clients affected by First Choice be informed?

What does the nib First Choice network mean to me?



Dear <first name>,

Important changes to your nib health cover

Thank you for being an nib customer. We're here to help you access the quality health care you need, when you need it. And we want to help keep nib health insurance affordable for you.

We have found that some specialist providers charge significantly more than others for providing the same health services. nib pays for these charges, which we pay customer claims. This means there's increasing claim costs that can result in higher health insurance premiums for you.

So from 1 September 2017 we're introducing the nib First Choice network. This First Choice network is designed to improve the value you get from your nib health cover by helping us to better manage claims costs and helping us to make premiums more affordable.


We've enclosed important information to explain what the nib First Choice network is and how it affects you. Your nib health cover policy terms and conditions have been updated and the policy change summary enclosed details this.

nib First Choice network – 5 things you need to know:

- Over 90% of specialists in New Zealand are in the nib First Choice network;
- Wherever you live, nib will ensure you get access to the quality care you need;
- If you choose an nib First Choice provider, your claims will be covered for 100% of your eligible costs up to your benefit limit and in line with your policy;
- If you choose not to see an nib First Choice provider, we'll still pay up to nib's Efficient Market Price (a set price) for the treatment you need (in line with your policy) but you will have to cover any additional costs over and above what nib pays; and
- Claiming is still easy and now some providers can submit pre-approvals and claim on your behalf. Your different claiming options are explained in the flyer enclosed.

We're here to help, so if you have any questions about the nib First Choice network please visit nibfirstchoice.co.nz or call us on 0800 123 642.

Yours sincerely,



Rob Hennin
CEO

Find out more >
nibfirstchoice.co.nz

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Auckland, New Zealand 1010

Changes to your policy terms - Ultimate Health

We're updating terms and conditions of your nib policy. Please keep this summary of changes and read in conjunction with your Policy Document.

Page	Current Wording	New Wording
15	<p>Excess</p> <ul style="list-style-type: none"> The Excess amount is detailed on the Acceptance Certificate or Renewal Certificate (whichever is the later) for each Insured Person, and applies to each Insured Person every Policy Year. The Excess will be deducted from eligible Claim payments for each Insured Person from the Commencement Date or Join Date (as applicable) until the Excess amount is reached. The Excess will be deducted from any eligible Claim payments for each Insured Person from every Policy Anniversary Date thereafter. The Excess is not payable by nib, and cannot be met by withdrawing from any other benefits on your Policy. 	<p>Excess</p> <ul style="list-style-type: none"> The Excess amount is detailed on the Acceptance Certificate or Renewal Certificate (whichever is the later) for each Insured Person, and applies to each Insured Person every Policy Year. The Excess will be deducted from eligible Claim payments for each Insured Person from the Commencement Date or Join Date (as applicable) until the Excess amount is reached. The Excess will be deducted from any eligible Claim payments for each Insured Person from every Policy Anniversary Date thereafter. The Excess is not payable by nib, and cannot be met by withdrawing from any other benefits on your Policy. Excess amounts are separate, and in addition, to Out-of-pocket Expenses.
16	<p>Claims</p> <p>Benefits will only be paid for Claims which meet nib criteria.</p> <ul style="list-style-type: none"> All Claims are subject to your Contract of Insurance on page 7 and What is not covered on page 55. All Claims must relate to an Insured Person. We reserve the right to recover any money paid in error, obtained fraudulently, or by any other means contrary to the Policy or law. It will be at nib's discretion to determine whether the Insured Person will be covered for any Claims for Health Services carried out during a period of non-payment. Claims are only eligible for Health Services carried out by Recognised Providers. Any Claims must have all the relevant information submitted with the Claim form (see Supporting documentation for Pre-approval and Claims on page 17). 	<p>Claims</p> <p>Benefits will only be paid for Claims which meet nib criteria.</p> <ul style="list-style-type: none"> All Claims are subject to your Contract of Insurance on page 7 and What is not covered on page 55. All Claims must relate to an Insured Person. We reserve the right to recover any money paid in error, obtained fraudulently, or by any other means contrary to the Policy or law. It will be at nib's discretion to determine whether the Insured Person will be covered for any Claims for Health Services carried out during a period of non-payment. Claims are only eligible for Health Services carried out by Recognised Providers. The amount you are able to Claim may be affected if you do not use a Recognised Provider in our First Choice Network.
17	<p>How to make a claim</p> <ul style="list-style-type: none"> Visit our website at nib.co.nz for a Claim form. Visit our portal at nib.co.nz/portal to submit a Claim. Call us on 0800 123 nib (0800 123 642). Email us at claims@nib.co.nz The Policy number must be quoted for all Claims. <p>Pre-approval</p> <ul style="list-style-type: none"> We strongly recommend any Insured Person should seek Pre-approval prior to undertaking any Health Service to understand what is covered under your Policy. Our aim is to process the Pre-approval within five working days from the date the request is received by us, unless further information is required or insufficient information was initially supplied. If we issue a Pre-approval for a Claim, we will notify the Policyowner or the Insured Person and send the Policyowner a Pre-approval advice. 	<p>How to make a claim</p> <ul style="list-style-type: none"> Ask your Recognised Provider to request a Pre-approval on your behalf. Visit our portal at nib.co.nz/portal to submit a Claim. Call us on 0800 123 nib (0800 123 642). Email us at claims@nib.co.nz <p>Pre-approval</p> <ul style="list-style-type: none"> We strongly recommend any Insured Person should seek Pre-approval prior to undertaking any Health Service to understand what is covered under your Policy and whether any Out-of-pocket Expenses would apply. A Pre-approval request can be made by you or a Recognised Provider on your behalf. If we issue a Pre-approval for a Claim, we will notify the Policyowner or the Insured Person and send the Policyowner and the Recognised Provider a Pre-approval advice.



Protecting future healthcare affordability



nib First Choice providers give treatment and services to nib customers that are 100% covered. (when approved and in line with policy terms)



nib customers can choose nib recognised providers that are not part of the network and will still be covered for some costs. (up to nib's Efficient Market Price and in line with policy terms)



Wherever you live, nib will ensure you get access to the quality care you need.



Claiming for treatment with nib First Choice is easy.

How to claim

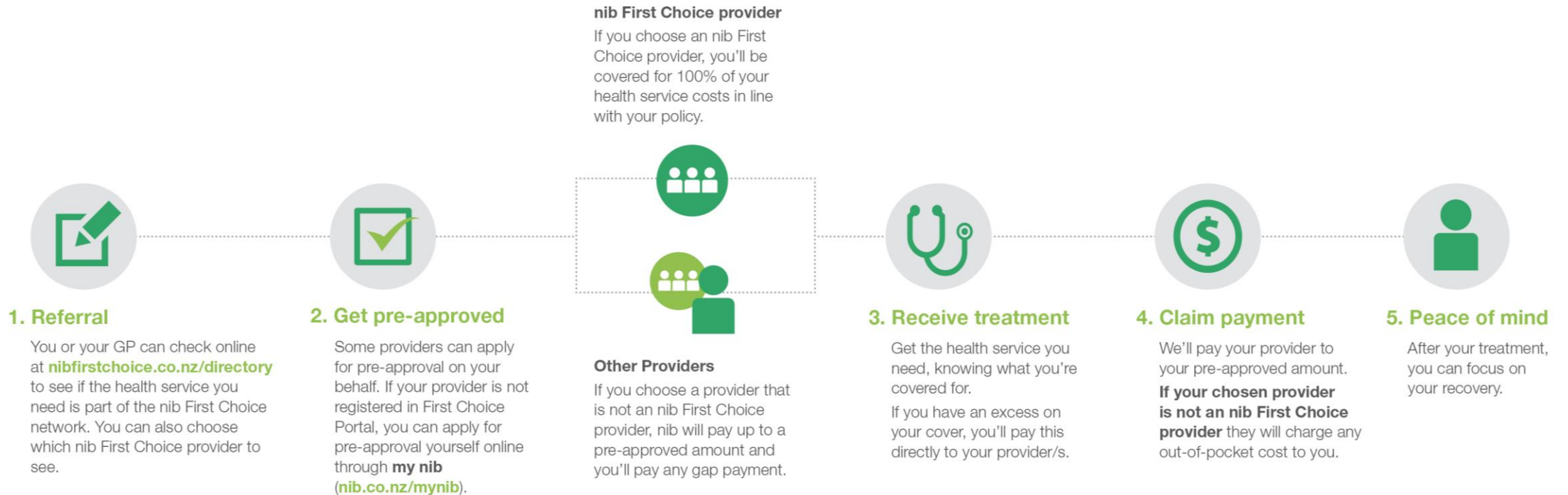
- 1. Referral**
You or your GP can check online at nibfirstchoice.co.nz/directory to see if the health service you need is part of the nib First Choice network. You can also choose which nib First Choice provider to see.
- 2. Get pre-approved**
Some providers can apply for pre-approval on your behalf.
If your provider is not registered in nib First Choice Portal, you can apply for pre-approval yourself online through my.nib.nib.co.nz/mynib.
- 3. Receive treatment**
Get the health service you need, knowing what you're covered for.
If you have an excess on your cover, you'll pay this directly to your provider.
- 4. Claim payment**
We'll pay your provider to your pre-approved amount.
If your chosen provider is not an nib First Choice provider, they will charge any out-of-pocket cost to you.
- 5. Peace of mind**
After your treatment, you can focus on your recovery.

Any questions? Visit nibfirstchoice.co.nz or get in touch with your adviser.

Examples of customer communications



How to claim with the nib First Choice network



The nib First Choice Directory

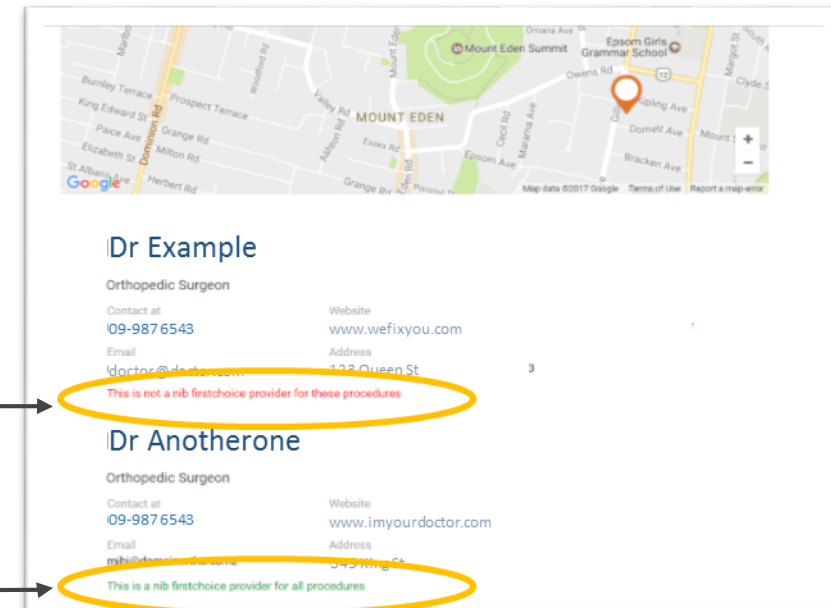
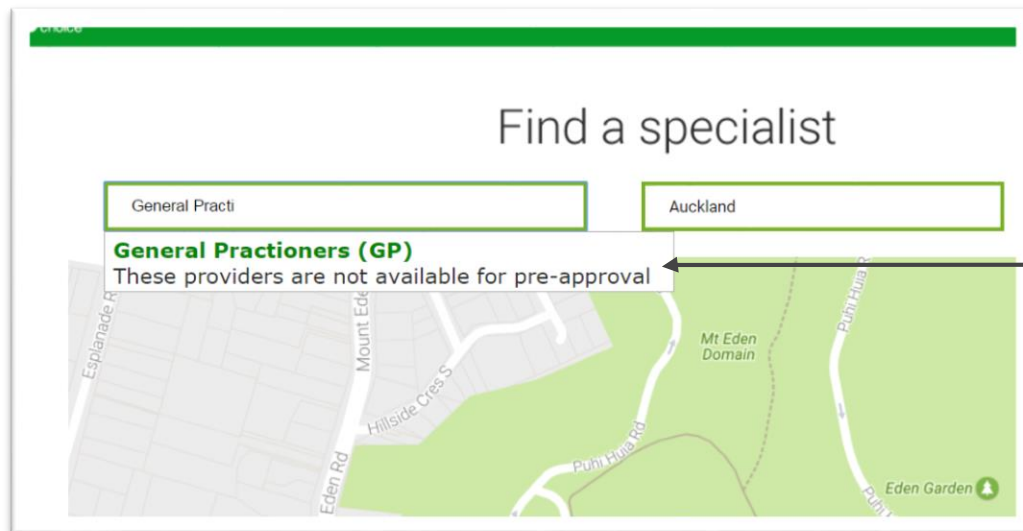
You can search for:

- specific people, specific hospitals
- types of providers like “hospital”, “Diagnostic Centre” or “Orthopaedic Surgeons”.
- categories like “knee” or “heart” to see the relevant health service providers.

After searching by provider, select the region if you wish.

If the health service isn't affected by the First Choice network it will show as here.

The directory shows both providers in the network and not in the network for the health services selected



The content shown here is an example of functionality only. Actual wording may change prior to release - The examples of providers shown are not based on accurate data, and do not reflect the network status of any provider.

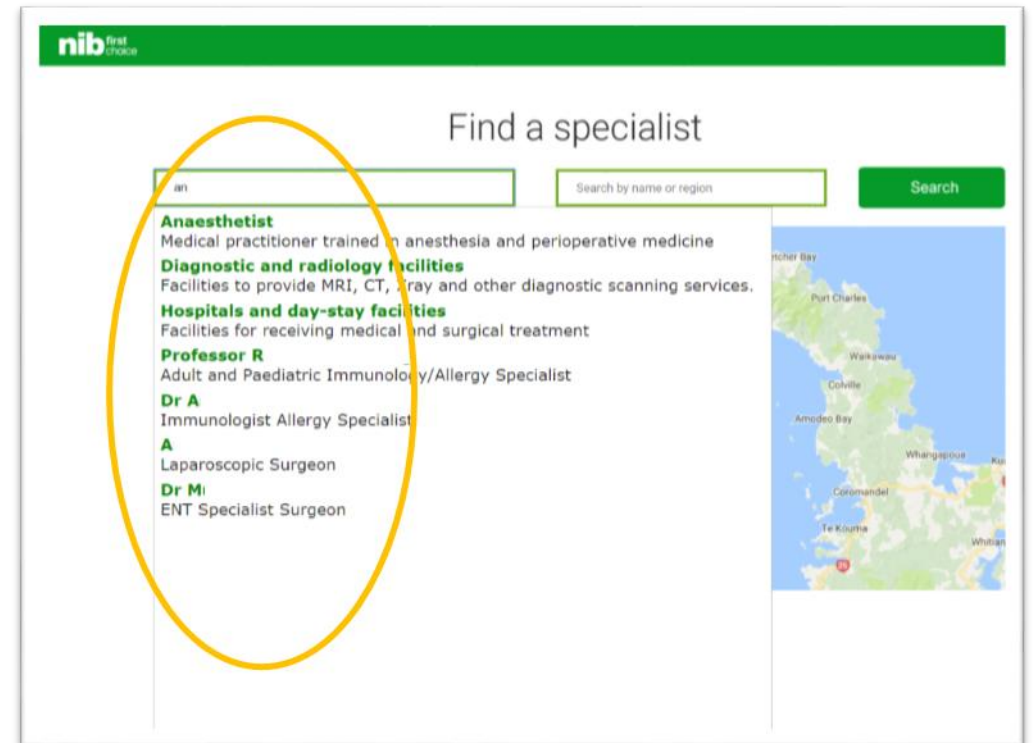


The nib First Choice Directory

Health services have also been grouped in the directory because often clients will not know what **SPECIFIC** health service they require until after they have had a specialist consultation e.g.

- Knee - knee replacement, arthroscopy, etc.
- Heart - CABG, angiogram, angioplasty etc.
- Eye – cataract, corneal repair etc.
- MRI, CT, colonoscopy

There will be a search engine to narrow down requirements to specific health services, to regions etc.





Some details about choosing a health service provider

The nib team will assist clients with their choice of health service provider and advise what nib will pay.

Health service providers are also able to seek pre-approval for their clients through the nib First Choice Portal.

For some health services, clients will need to choose more than one health service provider (e.g. a specialist and a hospital).

Health service providers may be in the First Choice network for some procedures they perform and not in the network for other procedures. The directory shows this.



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Summary



nib First Choice Summary

- **Clients** – retains choice and flexibility while helping nib to manage future affordability
- **Advisers** – sustainability of your recommended solution
- **Health service providers** – no contracts, nib still pays, and significant benefit from Claims process efficiency
- **GPs** – working with their clients to find the best options for treatment

- **90%** of health service providers included
- **Ultimate Max** and **Major Medical** excluded
- **nib First Choice Directory** makes it easy for everyone

When is nib First Choice network being introduced?

March 2017
Adviser
communication

May 2017
Adviser road
shows

June – July 2017
Customer
communication

September 2017
nib First Choice
Network, Portal
and Directory
launched



Recommendation for your clients...

Get claim pre-approval
before committing to a
health service provider

nib first
choice



nib
health cover

**Product enhancements and other
exciting current offers**

Policy upgrades – all products

Vocational GPs

- Now included as a Specialist under all base covers and all Specialist Options

Plus

- Varicose Veins benefit - for varicose vein surgery by a vocational GP (under minor surgery benefit)

Podiatric Surgery / Podiatric Surgeons

- New benefit up to \$6k (hospital excess applies)

nib campaigns – helping you to help your clients

Easy Health

- 20% lifetime discount for applicants under the age of 60 at commencement

Ultimate Health / Ultimate Health Max

- 10% discount for up to five years if child included

Best of Both Worlds – Ultimate Just Got Easy

- Exclusions for some conditions removed after three years

Terms and conditions apply



Thank You