

HEALTHCARE 99 FIRE

*Firefighters
helping firefighters*

REPORT from the Eighteenth (2017)
ANNUAL GENERAL MEETING
of the NZ Firefighters Welfare Society

HEALTHCARE 99

Is the preferred healthcare provider for



TRUSTEE

The Trustee of HEALTHCARE 99 is the Board of the NZ Firefighters Welfare Society

MEMBERS OF THE WELFARE BOARD

CHAIRMAN	Keith Nixon
SECRETARY	Darrel Surman
TREASURER	Bruce Jensen

REGIONAL REPRESENTATIVES

Region 1	Darryl Johnston
Region 2	Malcolm Langdon
Region 3	Noel Brock
Region 4	Erroll Tapiki
Region 5	Alice Jonathan
Region 6	Owen Williams

CLAIMS MANAGER

Currently the Claims Manager is Aon

Executive Director	Tracy Johnson
Claims handled by	Mark Langford

ADMINISTRATION

New Zealand Firefighters Welfare Society

Office Manager	Amanda Smith
Office Admin Support	Trish Filkins
Marketing Coordinator	Cheryl Lovett

CHAIRMANS ADDRESS
NZ Firefighters Welfare Society
HEALTHCARE 99 Benefit.

Reasonable Contributions Rates
First-class Benefits
“Is not an insurance”

A.G.M. 29th June 2017

Welcome to the 18th Annual General Meeting of HealthCare 99.

Firstly a thank you to all members and their families for their support and continuing endorsement of Healthcare 99 over the last year.

You are all helping each other for when the need arises, with the assistance of meeting medical costs of members and their families.

A lot of Healthcare 99 members are Firefighters, be they Volunteer or paid, retired firefighters or employees of the NZ Fire Service (July 1st 2017 FENZ). Healthcare 99 plays a big part in the wellbeing of these members. It enables them in returning to their firefighter duties or employment after sickness or injury.

Meetings

The Trustee/Board held 4 meetings during the 2016/2017 year.

The Healthcare 99 Committee met on 4 occasions with Aon our claims manager.

Additional meetings held were with our claims manager AON to examine and look at ways to improve all areas of Healthcare 99 and other Healthcare 99 options.

Improvements and Variations

The Improvements, variations and contributions increases assist Healthcare 99 to remain a compatible and stable fund and to maintain its future sustainability.

At the requests from some members, the Board/Trustee has been looking at other options that give the same range of benefits but with lower contributions rates.

A number of new options were looked at and Actuarial investigations were carried out. From these Actuarial investigations the most viable options will be discussed by the Board/Trustee for their approval at the June 2017 Board/Trustee meeting.

Any new options that are approved by the Healthcare 99 Board/Trustee will be introduced in the month of October 2017.

Claims Manager

The Trustee/Board again approved AON as our Healthcare 99 Fund claims manager for the 2017/2018.

Tracy Johnson and Richard Parkinson from AON are the people that looked after the management aspects for Healthcare 99 and Mark Langford processes the claims.

Healthcare 99 Membership

Overall Healthcare 99 membership remains stable.

Increasing the Healthcare 99 **membership** would see your Healthcare 99 Fund become a stronger, sustainable, more beneficial and healthier Fund in the future.

Financial Performance.

You will see that the Statement of financial performance shows a comfortable result (over \$1,150,000 paid out in claims) for the 2016/2017 year.

This is due to both the Board/Trustee and Aon working together to insure that we get the best outcome for everyone.

Actuarial Investigation.

The Trustee keeps a close watch on our increasing aging demographics and rising expenditure of general health care, along with any Government policy changes in health funding as this could affect future contributions rates increases.

The Trustee/Board tries to keep the contributions rates at an acceptable level for members, and will always remain prudent with their decisions for the future benefit of Healthcare 99 Fund.

This year the Actuarial investigation has recommended a small contribution rate increase across the board for the 2017/2018 year.

Contributions Rates. 2017 to 2018

There will be a small increase in the contribution rates for the 2017/2018 year which will reflect the projected rising costs affecting Healthcare 99.

Your Healthcare 99 Fund, I believe still remains very competitive when compared to other similar health providers in the market, and hopefully with the introduction of new options with lower contribution rates will help in remaining competitive and increase membership.

The increase in the contributions rates should take place in October 2017.

The future of Healthcare 99 Fund remains positive, but the Trustee needs to keep a close watch on developments in the Health Care sectors and respond to them as required.

ACC.

Healthcare 99 committee on a number of occasions, has had to assist our members with appeals against ACC due to their claims being declined by ACC.

Most of these appeals have been successful and ACC have had to pay the members claim, or in some cases the ACC has had to reimburse the Healthcare 99 Fund. The result is a saving of tens of thousands of dollars for the Healthcare 99 Fund.

I would just like to remind members that Healthcare 99 Fund **“is not an insurance”** but a **benefit** introduced by the NZFFWS in April 1999 for the benefit of Welfare Society members who wish to contribute to our Mutual Health Fund, Healthcare 99.

I would like to thank the Trustee/Board of the Healthcare 99 Fund, Secretary, Treasurer, Office staff and Aon for their time, effort and hard work throughout the year.

Thank you
All the best

Keith Nixon
Chairman
Board/Trustee.



AGM MINUTES Healthcare 99

Date: **June 29, 2017** Start time: 1256 Closed 1354

Venue: Avalon Studios – Welfare Offices



Present: Keith Nixon (C), Amanda Smith, Darryl Johnston, Noel Brock, Bruce Jensen, Maree Ryan, Belinda Beets, Mike Magyar, Trevor Tofts, Matthew Abel, John Massey, Allan Warnock, Peter Laws, Dan Sharpe, George Mckay, Gary Stallard, Roberta Davis (Sec) Darrel Surman,

Apologies: Tracy Johnson, Gavin Dumphy, Gary Bevin, Phil Barrows, Dan Liam, Ian Butler, Steven Williams, Peter Steveson

Item	Background/Discussion	Decision	Action
01) Welcome	Keith Nixon as chairman welcomes everyone. We were waiting for a quorum which arrived at 12.56	<i>"that the apologies be accepted."</i> Mike Magyar/Gary Stallard Carried	
02) Minutes of June 24, 2015	Approval of minutes of July 19, 2016.	<i>"that minutes of July 19, 2016 as read be accepted."</i> Mike Magyar/Keith Nixon Carried	
03) Matters Arising	No matters arising		

Item		Background/Discussion	Decision	Action
04)	Annual Accounts	The accounts for the year to 31 March 2017 shows a surplus of \$131,000. This surplus increases the funds accumulated to be used to act as a buffer against adverse experience.	<i>"that the financial statement and report by the treasurer be accepted and approved."</i> Matt Abel/Peter Laws Carried	
05)	Aon Report	The price increases and structure changes made in 2014 and CPI adjustments since that time have continued to see an improvement in the fund. We recommend a further minimal increase this year to keep pace with the increased pressure within the Health insurance sector and to meet the costs of claims and expenses of the fund.	<i>"that Aon's report as read be accepted"</i> Noel Brock/Belinda Beets Carried	
06)	Secretary's report	This year, it is encouraging to see the fund back in the black. Careful management, a small rise in contribution rates and the winning of some ACC challenges with some legal help have all been factors that have contributed to this good result. This return to black has occurred even in the face of the continued rise of healthcare costs. For instance this past year there have been a large number of requests for Colonoscopies. This procedure used to cost the fund just under \$2000 now the cost is just under \$3000. That is a cost increase of one third.	<i>"that the Secretary's Report as read be accepted"</i> Trevor Tofts/Gary Stallard Carried	

Item	Background/Discussion	Decision	Action
07)	<p>Chairman's Report</p> <p>At the requests from some members, the Board/Trustee has been looking at other options that give the same range of benefits but with lower contributions rates.</p> <p>A number of new options were looked at and Actuarial investigations were carried out. From these Actuarial investigations the most viable options will be discussed by the Board/Trustee for their approval at the June 2017 Board/Trustee meeting.</p> <p>Any new options that are approved by the Healthcare 99 Board/Trustee will be introduced in the month of October 2017.</p>	<p><i>"that the Chairman's report as read be accepted."</i></p> <p>Allan Warnock/Maree Ryan Carried</p>	
08)	<p>Auditor</p> <p>Approval of auditor for 2016/2017.</p>	<p><i>"move that the auditor David Turner be retained for the 2017/2018 year"</i></p> <p>Darryl Johnson/Amanda Smith Carried</p>	

Item		Background/Discussion	Decision	Action
09)	General Business	<p>Peter Stevenson wishes to raise the issue of the HC99 \$500 dollar limit per night in hospital. That amount is out of step with reality.</p> <p>Those members present at the AGM after some discussion agreed in general with the idea that there are limits to some items covered by HC99 in an effort to keep the contribution rates as low as possible. A trade off somewhere is inevitable. It was also pointed out that room rates around the country vary from \$450 to \$750. The cost of a room depends on where the hospital is located.</p>	Consensus of those present was to leave the room rate unchanged at a limit of \$500 a night.	Action: Secretary to forward minutes to Peter Stevenson.
10)	Accepted as a true and accurate record	Chairman	Date	

SECRETARY'S REPORT
TO THE HEALTHCARE 99 AGM
JUNE 2016

First my thanks to all Healthcare 99 members who continue to support this trust fund not only for their own benefit but also for the benefit of all other members and their families. It is your contribution to the fund that creates the pool of money that is available to you and other members who need help when healthcare expenses occur. Since 1999 the fund has paid out over \$17,000,000.

This year, it is encouraging to see the fund back in the black. Careful management, a small rise in contribution rates and the winning of some ACC challenges with some legal help have all been factors that have contributed to this good result. This return to black has occurred even in the face of the continued rise of healthcare costs. For instance this past year there have been a large number of requests for Colonoscopies. This procedure used to cost the fund just under \$2000 now the cost is just under \$3000. That is a cost increase of one third.

The contribution rate of course has to be adjusted to the cost of healthcare for the fund to remain viable. As rates rise, the ability to afford healthcare especially for older members and those who are facing retirement is a concern. Members have been asking for some additional cost options for some time now. The Trustee hopes a couple of new options that will be offered by Healthcare 99 later this year will go some way in answering those requests and alleviating that affordable concern. The contribution rate will be less for these new options, making healthcare more affordable. Obviously the benefits will be less as well but at least there is now the choice to have some affordable help in time of need rather than no help at all. One advantage members have from belonging to Healthcare 99 over members belonging to other healthcare plans is that there is no further increase to the contribution rate once you reach 70 years of age. This is very useful for those on a fixed income.

Again my thanks go to all members of Healthcare 99. It is also appropriate to thank and acknowledge Aon and their staff who administer the scheme so well on our behalf. Finally I also wish to thank and give due acknowledgement to all those who work behind the scenes to keep the options offered to members current, affordable and viable. I can assure everyone that long hours, much research, discussion and consideration goes in to the costs and benefits of the plan that are currently available.

Respectfully,

Darrel Surman
Secretary

Healthcare 99

Financial Report
for the year ended
31 March 2017

Healthcare 99

Contents

Statement of Financial Performance	1
Statement of Movements in Equity	2
Statement of Financial Position	3
Notes to the Financial Statements	4
Audit Report	10

Healthcare 99

Statement of Profit or Loss for the year ended 31 March 2017

	2017 \$	2016 \$
Income		
Contributions	1,533,672	1,550,470
ACC Income- Work Aon	-	102
Interest	12,220	18,421
	<u>1,545,892</u>	<u>1,568,993</u>
Expenses		
AGM Expenses	2,637	-
Audit Fee	2,100	2,100
Bank Charges	65	65
Booklet	2,118	4,308
Healthcare Claims Paid Out	1,156,876	1,250,942
Healthcare Commission	60,870	60,870
Lawyers ACC	7,195	7,925
Management Fee	125,004	117,500
Newsletter	267	703
Printing & Stationery	623	2,849
Professional Fees	27,600	13,200
Promotions	252	-
Travel	1,643	943
Treasurer	4,890	4,125
	<u>1,392,140</u>	<u>1,465,530</u>
Net Profit	<u>153,752</u>	<u>103,463</u>

The above is to be read in conjunction with the accompanying Notes to the Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Statement of Movements in Accumulated Funds for the year ended 31 March 2017

	2017	2016
	\$	\$
Opening Balance As At 01 April 2016	443,540	340,077
Total Recognised Revenue And Expenses For The Year	153,752	103,463
	<u>597,292</u>	<u>443,540</u>
Closing Balance As At 31 March 2017	<u>597,292</u>	<u>443,540</u>

The above is to be read in conjunction with the accompanying Notes to the Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Balance Sheet

as at 31 March 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash And Cash Equivalents	5	779,940	650,742
Trade And Other Receivables	6	4,606	4,510
Total Current Assets		<u>784,546</u>	<u>655,252</u>
Total Assets		<u>784,546</u>	<u>655,252</u>
Current Liabilities			
Trade And Other Payables	7	39,154	52,312
Provisions	8	148,100	159,400
Total Current Liabilities		<u>187,254</u>	<u>211,712</u>
Total Liabilities		<u>187,254</u>	<u>211,712</u>
Net Assets		<u>597,292</u>	<u>443,540</u>
Equity			
Retained Earnings		597,292	443,540
Total Equity		<u>597,292</u>	<u>443,540</u>

Signed for and on behalf of the Board: -



Chair



Treasurer

Dated: 26th June 2017

The above is to be read in conjunction with the accompanying Notes to the Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Notes to the Financial Statements for the year ended 31 March 2017

1 Statement Of Accounting Policies

These financial statements are for Healthcare 99. Healthcare 99 is a Mutual Fund, ("the fund") established by the New Zealand Firefighters' Welfare Society to provide assistance with health costs to members of the Fund and their families. The New Zealand Firefighters' Welfare Board is the Trustee of the Fund.

This financial report is a special purpose report to explain the society's financial performance and financial position to the members of the society. It is based on accounting principles commonly used in New Zealand as detailed below. The report should not be relied on for any other purpose.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Going Concern

These financial statements have been prepared on the basis that the company is a going concern.

Income Tax

The Fund holds tax exempt status as a Friendly Society Organisation, thus no provision has been made for income tax.

Trade and Other Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Trade and other Payables

Trade payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

The above is to be read in conjunction with the accompanying Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Notes to the Financial Statements for the year ended 31 March 2017

Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising Revenue.

All Revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

Healthcare 99

Notes to the Financial Statements for the year ended 31 March 2017

	Note	2017 \$	2016 \$
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2 Audit

These financial statements have been subject to audit, please refer to Auditor's Report.

3 Contingent Liabilities

At balance date there are no known contingent liabilities. Healthcare 99 has not granted any securities in respect of liabilities payable by any other party whatsoever.

4 Related Party

Name	Relationship	Type of Transaction	This Year	Last Year
NZ Firefighters Welfare Society	Related Party	Funding Provided	\$1,470	\$1,470

Terms and conditions of transactions with Related Party

Contributions are paid by members to the New Zealand Firefighters' Welfare Society, which administers Healthcare 99 as a separate Fund. An administration fee is paid for these services and this fee is disclosed in the Statement of Financial Performance.

No related party balances have been written off or forgiven in the year (2016: \$Nil).

Claims are administered by Aon Risk Services NZ Limited, an independent company.

5 Cash And Cash Equivalents

ANZ - Cheque	265,892	148,698
ANZ - On Call	69,316	68,314
Public Trust - On Call	1,859	1,868
Aon Deposit	50,000	50,000
Public Trust - Term Deposit	50,000	50,000
ANZ Bank Investment -1002	61,679	59,149
ANZ Bank Investment -1003	62,093	59,981
ANZ Bank Investment -1004	61,958	59,851
ANZ Bank Investment - 1006	52,477	50,832
ANZ Bank Investment - 1007	52,544	50,898
ANZ Bank Investment - 1008	52,122	51,151
	779,940	650,742

The above is to be read in conjunction with the accompanying Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Notes to the Financial Statements for the year ended 31 March 2017

	<i>Note</i>	2017 \$	2016 \$
6 Trade And Other Receivables			
Current			
Accrued Interest		4,606	4,510
7 Trade And Other Payables			
Current			
Trade Creditors		28,040	48,229
Inter Entity - Welfare Society		1,470	1,470
GST		9,644	2,612
		<u>39,154</u>	<u>52,311</u>
8 Provisions			
Current			
Provision For Claims		146,000	157,300
Accrued Expenses		2,100	2,100
		<u>148,100</u>	<u>159,400</u>

Provision for Claims

The Rules of the Fund allow members to make claims for medical costs up to 30 days following the date of treatment. A provision of \$146,200 (2016: \$157,300) has been made for claims incurred but not reported ("IBNR") during the current period. The provision established in these financial statements is determined by an external actuarial report undertaken, taking into consideration the average delay from invoice date to processed date for the current financial period. It is not expected that any reimbursement will be received for these claims and accordingly no asset has been recognised for any reimbursement.

The above is to be read in conjunction with the accompanying Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Notes to the Financial Statements for the year ended 31 March 2017

<i>Note</i>	2017	2016
	\$	\$

9 Financial Instruments

Credit Risk

Financial instruments which potentially subject the fund to credit risk principally consist of bank balances, accounts receivable and investments.

Maximum exposures to credit risk as at balance date are:

	2017	2016
	\$	\$
Bank Balances	337,067	218,880
Receivables	-	-
Deposits	442,873	381,862

No collateral is held on the above amounts.

Concentrations of Credit Risk

The fund is not exposed to any concentrations of credit risk.

Interest Rate Risk

The fund is exposed to interest rate risk in that future interest rate movements will affect the returns earned, cash flows, and the market value of financial instruments.

The short term deposits are fixed term, and reprice to market rates at the end of each term upon reinvestment.

Fair Values

The carrying amount of bank balances, accounts receivable, investments and accounts payable is the fair value for each of these classes of financial instrument.

The above is to be read in conjunction with the accompanying Financial Statements and Auditor's Report on Pages 10 and 11.

Healthcare 99

Notes to the Financial Statements for the year ended 31 March 2017

	<i>Note</i>	2017	2016
		\$	\$

10 Segment Accounting

The fund operates within New Zealand and is wholly involved in the provision of health care costs to fund

11 Donated Assets

There were no donated assets during the year (2016: \$Nil).

12 Term Deposits

<u>Deposits</u>	Maturity Date	Interest Rate %	2017 \$	2016 \$
Public Trust	-	2.65	50,000	50,000
ANZ Bank - 1002	8-May-17	3.30	61,679	59,149
ANZ Bank - 1003	8-May-17	3.35	62,093	59,981
ANZ Bank - 1004	8-May-17	3.35	61,958	59,851
ANZ Bank - 1006	15-May-17	2.60	52,477	50,832
ANZ Bank - 1007	15-May-17	2.60	52,544	50,898
ANZ Bank - 1008	8-May-17	3.15	52,122	51,151
<u>Total</u>			\$392,873	\$381,862

The above is to be read in conjunction with the accompanying Financial Statements and Auditor's Report on Pages 10 and 11.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the financial statements of the New Zealand Firefighters' Welfare Society – Healthcare 99 ("The Fund") on pages 1 to 9, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the financial statements on pages 1 to 9 are prepared, in all material respects in accordance with the special purpose framework described in Note 1 to explain The Fund's financial performance and financial position to the members of The Fund based on accounting principles commonly used in New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Fund in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, The Fund.

Special Purpose Framework

The financial statements are prepared in accordance with a special purpose framework for the purpose of reporting to members and, as a result, the financial statements may not be suitable for another purpose.

Restriction on Responsibility

This report is made solely to the members, as a body, in accordance with the constitution and by-laws of The Fund. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Executive's Responsibility for the Financial Statements

The Executive is responsible for determining that the special purpose framework described in Note 1, based on accounting principles commonly used in New Zealand is acceptable in The Fund's circumstances, for the preparation of the financial statements in accordance with the special purpose framework chosen to explain The Fund's financial performance and financial position to the members of The Fund and for such internal control as the Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (Continued)

In preparing the financial statements, the Executive is responsible for assessing The Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive either intends to liquidate The Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Fund's internal control
- conclude on the appropriateness of the use of the going concern basis of accounting by the Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Fund to cease to continue as a going concern
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DJ Turner & Associates
Chartered Accountants
Wellington, NZ
26th June 2017



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26 June 2017

Mr D Surman
Secretary
New Zealand Firefighters Welfare Society
Private Bag 31999
LOWER HUTT

Dear Darrel

Healthcare99 - AGM 29 June 2017

Further to the Treasurers financial reporting on the overall status of Healthcare99, we now have the pleasure in elaborating on claim costs for the 2016/2017 financial year. The accounts for the year to 31 March 2017 shows a surplus of \$131,000 which is \$49,000 greater than 2016 which produced a surplus of \$82,000. This surplus increases the funds accumulated to be used to act as a buffer against adverse experience.

Highlighted below are some critical observations of the fund that underpin the existing results and the long term predictions of the fund based on market research.

Costs by Treatment:

The distribution of costs across benefit types is similar to previous year's claims. The Total Hospitals cost this year is 72% of the total costs by treatment. Radiology claims have decreased from 11.3% to 10.2%, and Other claims have increased from 3.8% to 5.0%.

Costs by Age Group:

Overall, the average cost per claim has increased over the last year, but there have been some sizeable variations within each age group. For example, last year the average "In Hospital & Radiology" costs for the 19 to 29 age group were \$1,012. This year the average cost is \$2,338. This volatility however over the last 3 years is consistent with the relatively small data and in our opinion not symptomatic of any underlying trends in the claims experience.

Market Comparison:

Once again an Actuary Investigation was conducted to review a contribution analysis comparison with other Health providers in the marketplace has been conducted. It is not possible to do an exact product comparison as all plans will vary in their detail. However, the comparison has highlighted that Healthcare99 contribution rates are in the majority of cases cheaper than anything else available.

The price increases and structure changes made in 2014 and CPI adjustments since that time have continued to see an improvement in the fund. We recommend a further minimal increase this year to keep pace with the increased pressure within the Health Insurance sector and to meet the costs of claim and expenses of the fund.

We welcome any queries the members may have.

Yours sincerely,


Richard Parkinson
ASSOCIATE DIRECTOR

The Structure of Healthcare 99 Mutual Health Fund

1. Healthcare 99 is a mutual fund not an insurance scheme.
& it operates under a Trust Deed - which was established under the objects of the Society's rules (Rule 4) & Board Policy
2. You (the Members) OWN it - the NZFF Welfare Board is the Trustee
3. After the operating costs are met, ALL of the contributions are available for assisting the medical welfare needs of the members
4. Approx \$1,000,000 in medical welfare assistance is paid to members each year
5. The Fund is run by Firefighters for Firefighters
6. The Trustee commissions Regular Expert Reports (eg Actuarial Reports) & consults with experts in this field to enable them to make viable decisions on contribution rates and Terms & Conditions to ensure that members receive the best value possible
7. The Trustee appoints an experienced Claims Manager to process members' claims but the final decision on any claims remain with the Trustee
8. Members may ask the Healthcare 99 Committee to review any decisions of the Claims Manager
9. All FENZ personnel are eligible to join Healthcare 99

FIREFIGHTERS HELPING FIREFIGHTERS

(and their families)

HEALTHCARE 99 MUTUAL FUND MEMBERSHIP

*To join Healthcare 99
you must be a member of the Welfare Society*

Those persons whom the Board deemed to have or have had a close association with the New Zealand Fire Service, under rule 5 (a) are eligible to apply to join the New Zealand Firefighter Welfare Society. These are:



1. All FENZ Personnel
2. Airport Crash Fire Service employees.
3. Employees of the Society.
4. Employees of the UFBA
5. Persons who have retired from the NZ Fire Service and FENZ.
(Should apply within twelve months of leaving the fire service).
6. A member's child, upon reaching the age of 19 years.
7. Members of an Ambulance Service, within NZ (paid or voluntary).
8. Appointed Office holders of the Society (Treasurer, Secretary etc).
9. Members and employees of the New Zealand Firefighters Credit Union.
10. Employees of the New Zealand Professional Firefighters Union.
11. Any other persons as approved by the Welfare Board.

*If you want to join Healthcare 99 ring our office on
0800 653 473 for an application pack*

