



# Member Q&A

## 1. What does this mean for me as a member?

The merger will provide a number of benefits for our members, including a generous loyalty reward of 2 months free health cover, sustained lower premium increases, greater clinical coverage, and investment in better health programs and facilities.

From a day-to-day member experience perspective, not a lot will change. You still use the same card, you stay on the same policy, and your limits remain unchanged. You just get a few additional benefits on top of what you already have. It's a good deal for members.

## 2. What are the benefits for members?

The merger will provide a number of benefits for our members, including 2 months of free health cover if joined by the merger date and remain a member for 2 years, sustained lower premium increases, greater clinical coverage, and investment in better health programs and facilities.

As part of the merger, HCF has offered all transferring members 2 months free within the first 2 years of the partnership; 1 month free after the first 12 months, and another 1 month free after the next 12 months. This benefit is open to all rt members, even our newest members.

Through the merger, we will also maintain the rt health brand, rt health employees will remain in their current roles, ensuring our unwavering focus on the specific needs of workers in the

transport and energy industries, and our customer care services will remain unchanged. Our members will also maintain their voting rights within HCF.

## 3. Shouldn't members be voting on this merger?

Because this is a merger and not a demutualisation, members are not required to vote. If we wanted to sell the fund, a member vote would have been required, however as a merger and remaining part of a mutual fund, no vote is required – provided the current rights of the rt members are preserved through merger.

To ensure the rt member rights are properly protected, the merger must first be approved by APRA (Australian Prudential Regulation Authority). The process for this is set out in section 33 of the Private Health Insurance (Prudential Supervision) Act. Essentially, this means that APRA, will review the proposed merger and decide if it is in the best interests of the rt members and ensuring the sustainability of rt health within HCF. APRA has already reviewed the terms of the proposed merger so we do not expect APRA to have any concerns at this late stage.

## 4. What is section 33?

Section 33 is part of the Private Health Insurance (Prudential Supervision) Act that relates to the merging of two mutual funds by transferring all the policies and mutual rights of one fund into another fund. Under this process rt health fund will be transferred into HCF.

## 5. Who is APRA and what do they do?

The Australian Prudential Regulation Authority is an independent statutory authority that supervises institutions across banking, insurance and superannuation, and promotes and monitors financial system stability in Australia. In the private health insurance industry, APRA specifically works to implement measures designed to ensure the industry remains sustainable and resilient, to continue to meet the needs of consumers.

## 6. Why is there a change to the fund rules?

As part of this merger, we will need to merge our current fund rules into the HCF fund rules to ensure that post merger we can continue to treat the transferred rt members in the same manner as we have been doing within rt. The effect is that we transfer the existing rt fund rules into HCF and preserve the rules relating to the transferring rt policies so claims by members can be dealt with in the same manner as we have been doing within rt.

## 7. Where can I find out more about the change to fund rules?

More information can be found at [rthealthfund.com.au/our-future](http://rthealthfund.com.au/our-future)

## 8. Isn't a sale better for members?

No, we don't believe so. By merging with HCF, we will be able to provide a number of benefits for our members, including sustained lower premium increases, greater clinical coverage, and investment in better health programs and facilities. We will also maintain our brand, our dedicated rt health team of employees, and our unwavering focus on the specific needs of workers in the transport and energy industries.

A merger with Australia's leading not for profit fund is the best way to secure a bright and prosperous future for rt health and its members.

A sale would potentially mean that our fund could change in terms of brand, products, and service, and most importantly, in terms of our focus on the transport and energy sectors. We, therefore, feel that a sale would not be in the best interests of our fund or our members.

## 9. What are my options if I want to leave rt health?

You should always choose a private health fund that best suits your needs. rt health was founded more than 130 years ago by rail workers, and to this day remains solely focused on the specific health needs of workers in the transport and energy sectors.

The merger will provide a number of benefits for our members, including sustained lower premium increases, greater clinical coverage, and investment in better health programs and facilities.

As part of the merger, our members will also receive 2 months free within the first 2 years of the partnership; 1 month free after the first 12 months, and another 1 month free after the next 12 months. This benefit is open to all rt members, even our newest members.

It's important to note that moving to another fund would mean you lose the lifetime of value that has accrued

throughout your membership of rt health. rt health is a mutual health fund collectively owned by our members, and it will remain so once it has merged with HCF. This means our members retain the value they have as part owners of the fund. This value would translate to our members in the event of a future demutualisation – where our members would receive a pay-out if HCF were to be bought by a different company. HCF the country's leading not-for-profit private health fund and has no plans to demutualise.

If you would like to discuss your current policy or your private health care needs in more detail, please contact our customer care team on 1300 886 123.

## 10. Tell me about the retention offer

As part of the merger, our members will also receive 2 months free within the first 2 years of the partnership; 1 month free after the first 12 months, and another 1 month free after the next 12 months. This benefit is open to all rt members, even our newest members. You just need to join before the merger completion date – presently targeted as 1 November 2021.

## 11. Do I have to stay with rt health?

You should always choose a private health fund that best suits your needs. rt health was founded more than 130 years ago by rail workers, and to this day remains solely focused on the specific health needs of workers in the transport and energy sectors.

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It's important to note that moving to another fund would mean you lose the lifetime of value that has accrued throughout your membership of rt health. rt health is a mutual health fund collectively owned by our members, and it will remain so once it has merged with HCF. This means our members retain the value they have as part owners of the fund. This value would translate to our members in the event of a future demutualisation – where our members would receive a pay-out if HCF were to be bought by a different company. HCF is the country's leading not-for-profit private health fund and has no plans to demutualise.

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## 12. With lower premium

### increases promised, does this mean I have been paying too much?

For the past 130 years, rt health has been committed to developing and delivering a great value offering that meets the needs of members in the transport and energy sectors. As a not-for-profit fund, our goal is to always give more back to members by way of benefits and service.

By joining forces with HCF, the country's leading not-for-profit private health fund, we will benefit from scale; this means rt health will have access to efficiencies that will be passed onto members in a variety of ways, including sustained lower premium increases, greater clinical coverage, and investment in better health programs and facilities.

### **13. Will I be able to go into an HCF branch to pay premiums etc?**

For the foreseeable future there will be very little change from a day-to-day member experience perspective – members will not be able to visit HCF branches to pay premiums in the first instance however as the two organisations become more closely united services are likely to become aligned.

Members will still use the same card, stay on the same policy, and their limits will remain unchanged. It will be business as usual.

### **14. What does demutualisation mean?**

This is a merger not a demutualisation.

Demutualisation is when a private (or member-owned) company legally changes its structure in order to become a company owned by shareholders and then those shares are sold to a purchaser. It's usually accompanied by a transfer of money as payment for the shares.

It's important to know that HCF, as the country's leading not-for-profit private health fund, has no plans to demutualise.

### **15. What is the dollar value of my membership?**

The dollar value of your membership will depend on how long you have contributed to the fund, so everyone will have a different value. As an rt health member, your member value is being preserved as part of the merger, which is important for all our long serving members. Moving to another fund would mean you lose that lifetime of value that has been accrued.

### **16. Does this have tax implications for me?**

No. We have chosen to merge with HCF rather than sell our fund and demutualise. This means that your value as a rt health member is preserved. As we have not sold the fund there is no payout to members and therefore no tax implications.

### **17. Where or how can I find out more information on what this means for me?**

More information can be found at [thehealthfund.com.au/our-future](http://thehealthfund.com.au/our-future) or you can call our member care team on 1300 886 123.