

Media Release

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Private Healthcare Australia
Better Cover. Better Access. Better Care.

Rising Gold policy premiums reflect growing healthcare costs and the need for reform

The rising cost of Gold health insurance policies highlights the deeper challenges Australia's health system is facing as the population ages and the cost of delivering care continues to soar.

CEO of Private Healthcare Australia, Dr Rachel David, said the higher increases for some Gold policies reflect the reality that these products cover the most complex and costly medical treatment that is likely to be accessed within the next 12 months.

"Gold policies cover services such as inpatient mental health care, weight loss surgery, reproductive services, pregnancy and birth, and joint replacements, as well as other high-cost hospital treatments," Dr David said.

"These treatments are becoming more expensive to deliver each year, driven by rising hospital costs, advances in medical technology, and an ageing population that often requires more complex and longer periods of care and rehabilitation."

Dr David said the premium-setting process was rigorous, with both the Australian Prudential Regulation Authority and the Department of Health closely scrutinising health funds' data before the Health Minister approved the final figure.

She said the structure of the Gold, Silver, Bronze and Basic tiering system, introduced by the former Government, was contributing to affordability pressures.

"The product tiering system was originally introduced to make it easier for consumers to pick a product that matched their needs and life stage, but over time this has had significant unintended consequences, particularly the inflation in Gold cover," she said.

"Gold policies have now become a catch-all for a very wide range of treatments, many that are used by a relatively small proportion of members. That makes these policies more expensive and less sustainable over time for insurers and consumers."

"In a nutshell, Gold hospital cover is now predominantly used by a group of people who know they are going to claim for high-cost services, which is highly inflationary."

Private Healthcare Australia is calling for a review of the tiering framework to ensure it supports affordability by spreading the risk of high-cost care across a wider population.

"We need a more flexible approach that allows insurers to design products that are better tailored to different life stages and health needs," Dr David said.

"It's time for a review of this policy and the sector is happy to work with the government and other stakeholders to determine viable options. Without reform, comprehensive cover will continue to become less affordable, and fewer Australians will be able to access the highest level of choice in their healthcare."

She said it was also important to consider the broader context of rising healthcare costs.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents more than 20 Australian health funds and 15 million Australians (55% of the population) who have private health insurance.

“Private health insurance premiums are directly linked to the cost of care. When hospital charges, medical equipment and staff wages increase, premium increases must follow,” she said.

“We support efforts to improve transparency and value in the system, including recent action by the Government to introduce more transparency to what specialist doctors are charging and what insurers contribute to the cost of care.”

Ahead of the April 1 premium rise for many policies, Dr David encouraged Australians to review their cover annually to ensure it continued to meet their health needs and budget.

“Health insurance is not one-size-fits-all. What you needed five years ago may not be what you need today, so it’s important to understand what you are covered for under your policy and update it as you age and health needs change,” she said.

She said consumers concerned about affordability could consider:

- Reviewing whether they need Gold cover or whether a Silver or Bronze product better suits their stage of life
- Adjusting their excess to reduce premiums
- Reviewing extras cover and removing services they are unlikely to use
- Speaking with their insurer about options to manage costs
- Pre-paying premiums ahead of April 1 to delay the impact of the increase

“Health insurers want to work with members to make sure they have appropriate cover at a price they can afford,” Dr David said.

“Having the right level of cover ensures people can access timely care while also helping to take pressure off the public hospital system.”