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## MEDIA RELEASE

**PRESIDENT**  
Mr Richard Bowden  
**CHIEF EXECUTIVE**  
Hon Dr Michael Armitage

2 March 2009

### More than \$11 billion into Health Care from Private Funds

Private Health Insurance Funds will inject an additional \$950 million into Australia's health care system in 2009 bringing total expenditure on private health treatments to more than \$11 billion.

The premium increase of 6.02 percent announced today by Health Minister Nicola Roxon is necessary to ensure funds can continue to pay for the increasing cost of health care services, remain financially viable and meet statutory prudential requirements.

The Australian Health Insurance Association's Chief Executive Officer, Dr Michael Armitage said the premium increase was required to ensure the financial viability of the funds in the current economic climate.

"The Industry's independent regulator, the Private Health Insurance Administration Council (PHIAC), revealed that the increase in benefits paid out on behalf of members in 2008 was 10.4 percent. The average Premium increase was 4.99 percent for the same period. PHIAC also found that investment returns for PHI Funds slumped by more than \$630 million in 2008," Dr Armitage said.

"Privately insured Australians understand that if they are having 10.4 percent more money paid out on their behalf, they are going to have to contribute more - people understand the financial pressures of health care.

"The increase of 6.02 percent compares favourably with the 7.3 percent increase granted to the public hospital sector by the Government late last year, as Private hospitals are faced with the same cost pressures as the public sector."

In the last financial year:

- Total hospital accommodation costs increased by 9.9 percent
- Total medical benefits outlaid on behalf of members increased by 13 percent
- Benefits paid out on behalf of members for prostheses (implanted medical devices such as artificial hips, pacemakers, knee joints, etc.) increased by 12 percent

"Australian private hospitals are at the leading edge of health care innovation, and our doctors and nurses are among the best in the world. If we are to ensure the benefits of modern health care are available to privately insured Australians, the demands of increasing health care costs must be met."

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