



Unit 17G
Level 1
2 King Street
Deakin ACT 2600
T 6202 1000
F 6202 1001
E admin@ahia.org.au
www.ahia.org.au

PRESIDENT
Mr Terry Smith MBE RFD ED
CHIEF EXECUTIVE
Hon Dr Michael Armitage

MEDIA RELEASE

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Private Health Funds pay a record \$10 billion on behalf of members

Australia's Private Health Insurance Funds paid more than \$10 billion in benefits to members during the last financial year, setting records in all payment categories.

The \$10,060,034,811 injected into the health care system by private health funds in 2007-08 represents a 10.4% increase in benefits paid during the previous year. This percentage increase in benefits paid out on behalf of members is more than double the Private Health Insurance premium increase approved by the Federal Government to apply from April 1, 2008.

"This leaves no doubt that the Private Health Insurance (PHI) Industry is an increasingly important player in the delivery of health care in Australia," the CEO of the Australian Health Insurance Association, Dr Michael Armitage, said.

"It is also further evidence that the Rudd Government's attack on the PHI Industry via its proposed Medicare Levy Surcharge (MLS) changes will cause dramatic effects on the provision of health care in Australia.

"Given these record figures, all Senators should give serious thought to the impact the passage of this legislation will have on the public hospitals in their States and the financial burden they will be transferring to their State health budgets when they vote next week on the Rudd Government's MLS proposals.

"The contribution of the private health sector has never been greater and it is beggars belief that a Government would seek to encourage privately insured Australians to leave their private cover only to add extra pressure to an already overstretched public health system."

During 2007-08, total hospital benefits paid on behalf of members increased by 10.7 % to a total of \$7,438,138,479 and General Treatment Benefits totalled a record \$2,617,863,462.

Benefits paid for private hospital admissions increased by 9.6% to \$4,703,105,194 and by 12.6% for public hospitals to a total of \$512,941,978.

General Treatment Benefits paid for dental care increased by 9.3% to \$1,349,795,605; 8.9% for Optometrists to \$425,286,482; 7.9% for Physiotherapists to \$200,025,402; 5.9% for Chiropractors; 7.9% for Podiatry; and a total of 13.4% for other allied health services.

Media contact: Jen Eddy 6202 1000