

Australian Health Insurance Association Ltd

(ABN 35 008 621 994 - A COMPANY LIMITED BY GUARANTEE - INCORPORATED IN THE A.C.T.)

PRESIDENT:
Mr Terry Smith MBE RFD ED

CHIEF EXECUTIVE:
Hon Dr Michael Armitage

NATIONAL SECRETARIAT:
4 Campion Street
Deakin ACT 2600

Telephone: (02) 6285 2977
Fax: (02) 6285 2959
Email: admin@ahia.org.au

MEDIA RELEASE

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Private Health Funds to inject more than \$10 billion into Health Care in 2008

Australia's Private Health Insurance Industry is expected to inject more than \$10 billion into Australia's health care system in 2008.

Reflecting the increasing cost of health care in Australia, the Health Minister Nicola Roxon today announced that PHI premiums would increase by an average of 4.99% from April 2008.

The premium increase is necessary to ensure funds remain financially viable, meet statutory prudential requirements and most importantly continue to provide members with quality medical treatment by covering the increasing costs of health care services.

During 2007:

- Total hospital treatment costs increased by 11.7 percent
- Total medical benefits outlaid on behalf of members increased by 14.8 percent
- Benefits for prostheses (implanted medical devices such as artificial hips, pacemakers, knee joints, etc.) increased by 12.9 percent

According to PHIAC almost 10.8 million Australians currently have some form of Private Health Insurance, Hospital and/or General Treatment Cover.

During 2008 it is estimated that one in four people covered by health insurance – about 2.75 million people – will go to hospital as private patients – an average of 7,500 each day.

The 2.75 million hospital admissions compares with 1.5 million in 1998 (the year before the PHI rebate was introduced) i.e. 1.25 million more people will use their insurance for hospital treatment this year compared with 1998.

During 2008 Health Funds will pay more than \$3 billion to cover hospital treatment for their members aged 65 and over. More than one million people in this age group (1.25 million) – mostly pensioners and self-funded retirees, many on low or fixed incomes – have health insurance, and on average two out of every three will use it this year!

Australian private hospitals are at the leading edge of health care innovation, and our doctors and nurses are among the best in the world. Technology makes it possible to provide Australians with the best health care in the world. Private Health Insurance provides cover for this treatment at the lowest prices possible.

Media contact: Jen Eddy 02 62852977