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MEDIA RELEASE

Private Health Insurance Premiums

Private Health Funds are forecast to inject an additional \$1.1 billion into Australia's health care system in 2011-12, bringing total expenditure on private health treatments to more than \$13 billion.

Health Minister Nicola Roxon today announced an average premium increase of 5.57 per cent reflecting the increasing cost of health care in Australia.

Australian Health Insurance Association Dr Michael Armitage says the premium increase is necessary to ensure funds remain financially viable; meet statutory prudential requirements; and most importantly continue to provide members with access to quality medical treatment by covering the increasing costs of health care services.

"There are more than 11.7 million Australians with private health cover and while a premium adjustment is never welcomed by members, most Australians do understand that an increase in the benefits paid out on their behalf requires an increase in premiums.

"The private sector plays a key role in Australia's health system, with 57% of surgical procedures carried out in private hospitals. This includes chemotherapy treatment, joint replacements and other non-discretionary surgical procedures.

"The benefits paid out on behalf of their members by Private Health Funds during 2009/2010 totalled \$12 billion, which was an increase of 8.9% on the previous 12 months.

During 2009/10 the benefits paid on behalf of members included:

- Hospital Treatment totalled \$8.9 billion – an increase of 9.4% on the previous year;
- General Treatment Benefits totalled \$3 billion – an increase 7.1% on the previous year;
- Payment for prostheses totalled \$1.3 billion - up 8.7%; and
- Payments for medical specialists totalled \$1.4 billion - up 8.4% on the previous year.

(Source: PHIAC Quarterly Reports)



“The Government claims its plan to means-test the Rebate will only affect the wealthy when in fact those who on lower incomes will be hardest hit.

“Of the 10 million Australians with Hospital Cover, 5.6 million have a household income less than \$50,000 per annum, and 3.4 million have a household income less than \$35,000 per annum.

“Every person who drops their cover will have to rely on the public hospital system and every person who downgrades their hospital cover will rely on the public sector for those items excluded under downgraded policies.

“The impact of people leaving or downgrading their cover will mean that the premiums of everyone else who remains in private cover will have to increase.”

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