

Media Release

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

865,000 Australians flock to PHI but Government must act to keep premiums affordable

Australians are choosing private health insurance in record numbers, according to the latest data from the Australian Prudential Regulatory Authority (APRA).

Private Healthcare Australia CEO Dr Rachel David welcomed the increase, saying that private health cover provides choice, comfort and security. However, she also called on government to ensure that customers don't have to pay more than they should.

"APRA data shows that there have been 11 consecutive quarters of growth in private health insurance membership with a record 14.5 million Australians now having private health cover. This means an additional 865,213 people have joined a health fund since the beginning of 2020, and are now treading a tightrope between the rising cost of living and public hospital waiting lists reported as up to 6-8 years long."

Recent research conducted by YouGov shows that people are joining private health insurance due to concerns about quality and access in the public system, and greater choice and lower waiting times in the private sector. The largest factor for people interested in private health insurance is the cost of premiums, with cost of living pressures affecting many more Australians than in previous years.

Dr David pointed to the price for overpriced generic medical devices as a core factor in higher premiums, with a surge in the volume of medical device claims meaning higher costs for private health insurers and consumers. Prices for generic medical devices are set by the government at rates often 30-100% higher than in international markets.

New APRA data shows that the number of medical devices (prostheses) funded by private health insurers over the past four years grew by 10.5 per cent to an annual record high of 3.38 million items in the 12 months to March 2023. This 10.5 per cent surge in the number of medical devices claimed compares with a 1.4 per cent reduction in hospital treatment medical services and a 1 per cent reduction in hospital episodes over the same period.

"Australian families are under increasing financial pressure with inflation and cost of living hitting hard. Our public health system is struggling and more and more Australians are turning to private health cover to access surgery and health care. It is critical that the overpricing of medical devices for private patients is reigned in to keep premiums affordable and take pressure off our public hospital system," said Dr David.

"Health funds are doing all they can to keep costs under control and ensure private cover is available to as many Australians as possible. However, without further government intervention to address medical device pricing and bring it in line with the public health system and comparable countries, there'll be further pressure on private health insurance premiums and as a consequence, public hospitals. With hospitals struggling with the rising costs of recruitment, power and food, we simply can't let this wasteful spending continue.

"The Government must prioritise medical device pricing reform so these families can retain their private cover to access timely health care and relieve pressure on the public hospital system. Every dollar saved by health funds as a result of this reform will be returned to members in the form of lower premiums," said Dr David.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 23 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership.

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