

## **ALP confirms health funds paid record benefits back to members**

Private Healthcare Australia CEO, Dr Rachel David, said Labor's latest crack at the private health insurance industry only confirmed that health funds were paying the highest percentage of premium back to customers of all insurance types.

"It makes no sense as it simply proves what we have been saying all along. Health funds are consistently paying 86 cents in the dollar back to their members in the form of benefits (it has been above 85 cents for 15 years) and this compares with 64 cents for general insurance.

"The figures also verify that there is no pot of gold hidden in health funds. Health fund profit margins were 5.16% in the 12 months to December 2017 and health fund profits have remained stable over the last decade running between 4.5 and 6%, significantly below the returns made by private hospital groups and medical specialist practices.

"When a fund unexpectedly earns more than this, the surplus is paid back to members as seen recently with Medibank's announcement of a \$20 million loyalty bonus following the half year financial results.

"Industry regulator APRA has stated repeatedly there is no evidence of health funds over-earning or retaining inappropriate levels of member funds. Health funds paid a record \$20 billion in benefits on behalf of their members in the 12 months to December 2017, which was an increase of 4.15% on the previous 12 months.

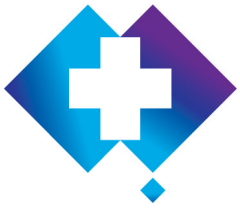
Expenditure of remaining premium earnings includes:

1. Management of business and regulated prudential reserves

2. Member services which are highly valued by members:

- low cost subsidised dental and optical - provided by most funds often at one point of service to assist elderly members
- call centres and online support – member support to help consumers choose and use their health insurance and service provision – preventive counselling for physical and mental health
- health and wellness activities – free exercise classes, preventive health and group fitness activities
- care planning for members with complex needs who require admission to hospital, including hospital visits
- in-pharmacy preventive care, for example free flu vaccines for members

"Health funds are committed to providing these services for their members while keeping premiums affordable. There is only one reason premiums increase and that is because health funds are paying for more healthcare.



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

## Press Release

“The only pathway to lower premium increases is better management of input costs, ensuring fraud, waste, overpricing of medical supplies and low-value care are eliminated from private healthcare. This can only be achieved with the support of Australian governments and regulators.

“The introduction of a capped premium model as proposed by Labor will do nothing to address increasing utilisation of private and public health services. It makes absolutely no economic sense and the longer-term impact of their policies on both our private and public health systems could be disastrous,” said Dr David.

*Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 20 Australian health funds with a combined membership of 12.9 million Australians, or 96% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums affordable for our members is the number one priority of PHA members. PHA’s CEO Dr Rachel David is available for interview.*

Media contact: Jen Eddy 0439240755