



## Press Release

19 May 2020

### **APRA report shows health funds paid a record \$21.7 billion in benefits in the year to March 2020**

Australians have continued to use their private health insurance, including during COVID-19, to access vital health services and treatments.

Health funds paid \$21.75 billion in benefits in the 12 months to 31 March 2020, an increase of 3.7% on the previous year, according to APRA's March quarterly report released today. The annual growth in benefits paid for prostheses (medical devices) (5.8%) and prostheses utilisation (7.5%) have continued to increase out of proportion with growth in hospital claims (0.5%).

The APRA data confirmed industry expectations there would be a decline in member claims as a result of the COVID-19 restrictions. Benefits paid for 'extras' during the March 2020 quarter were down -4.4% compared with the December 2019 quarter.

Claims for hospital treatment during the first quarter of 2020 were distributed as follows:

- private hospitals: 754,215 episodes (-3.7% decrease over the quarter)
- day hospital facilities: 144,181 episodes (-6.9% decrease over the quarter)
- hospital substitute: 49,197 episodes (+2.2% increase over the quarter)
- public hospitals: 193,916 episodes (+1.1% increase over the quarter)

Now that elective (essential non-emergency) surgery has been permitted to resume – health funds, private hospitals and doctors are working together to safely and efficiently clear the backlog. Members with PHI will have access to timely care in the private system. This compares to the public system where wait times are expected to exceed 1.5 years for common elective procedures.

Dr Rachel David, CEO of PHA said the expected blow out in public hospital wait times meant it has never been more important for people to hang on to their private health insurance.

"We expect APRA's next quarterly report, reflecting data from April and May, to show some reduction in hospital claims, however with the lifting of the ban on elective surgery, this will be followed by a surge in claims in coming months," she said.

"Estimates of huge 'windfall' gains by some so-called experts have proven to be excessive. Due to the success of the Australian Government's COVID-19 strategy, we saw an earlier than expected recovery from a short period of service reduction and elective surgery for most urgent and semi-urgent cases has already resumed, and cases rebooked.



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“Health funds gave a commitment that any additional funds resulting from COVID-19 related restrictions causing cancellation of some elective surgery and some allied health services would be returned to members.

“Compensation to members can only be calculated when funds have certainty about additional savings which will be late June at the earliest. In addition, health funds must remain well capitalised and prudentially sound throughout and beyond the COVID-19 crisis to fund the backlog of elective surgeries and allied health benefits.”

Health funds are doing everything possible to ease financial pressure on their members during COVID-19 while continuing to provide essential health services. Health funds have:

- Postponed the April 1 premium increase for six months and provided premium relief for thousands of Australians in financial distress as a result of COVID-19.
- Introduced telehealth rebates for psychology, physiotherapy, dietetics, speech pathology, exercise physiology and podiatry.
- Chosen to support members in different ways, including but not limited to: rebates, short term premium reductions, extension of benefits and rollover of extras benefits until next calendar year.
- Health funds have invested millions of dollars in COVID-19 support programs, focusing on members’ mental health and wellbeing.

Consumers who are suffering financial hardship as a result of COVID19 are encouraged to contact their health fund directly to discuss relief options.

ENDS

*Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 24 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership.*

**Media contact:** Jen Eddy 0439 240 755