



## Press Release

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### APRA data confirms the value of private health insurance

Health funds paid a record \$20.5 billion in benefits on behalf of their members in 2017-18, an increase of 3.4% on the previous year, according to the latest APRA Report.

Private Healthcare CEO Dr Rachel David said APRA's Operations of Private Health Insurance Annual Report 2017-18, confirmed that health funds are delivering real value to more than 13.5 million members.

"Health funds are paying more for healthcare services and continue to consistently pay 86 cents in the premium dollar back to members to fund their healthcare. Health funds pay the highest percentage back to customers of all insurance types - it has been above 85% for 16 years," said Dr David.

"Also, the proportion of in-hospital treatment medical services with no gap increased to 88.1% in 2017/18 compared to 86.6% in 2016/17".

Benefits paid increased by more than 3% in both hospital and general treatment cover:

- Hospital treatment benefits: \$15.191 billion (74% of total fund benefits, 3.0% increase compared to previous year)
- General treatment and ambulance: \$5.088 billion (25% of total fund benefits, 4.5% increase compared to previous year)
- State levies: \$227.39 million (1% of total fund benefits, 3.3% increase compared to previous year)

"The APRA report shows that health funds continue to operate efficiently with a focus on delivering benefits to members, Dr David said.

"Net profit margins for the PHI industry continue to remain low at 5.3%, a modest return when compared with other forms of insurance. Health fund profit margins have remained stable over the last decade running between 4.5 and 6%, as have Management Expense Ratios at 8.9%.

"APRA's report dispels the myth that health funds are hiding a pot of gold. Health funds, whether run as a for-profit or a not-for-profit, must operate as successful businesses to be able to keep premiums affordable for their members and to ensure members' care can be funded if and when it is needed.

"PHI is a critical part of Australia's health system. It benefits all Australians by keeping pressure off the public hospital system."

*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.*

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