

Media Release

28 July 2023



Private Healthcare Australia
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Australian health funds lead business response to climate change

Private Healthcare Australia applauds the Australian Government's commitment to a National Health and Climate Strategy. "This is an important step in ensuring Australians understand and take responsibility for the actions we take to reduce emissions and waste," said Private Healthcare Australia CEO, Dr Rachel David.

There are significant health risks associated with climate change, and uncertainty around which factors – such as transmissible diseases, respiratory diseases, changes to food and water supply, mental illness, heat exhaustion and increased rates of obesity – will create the greatest issues. What is clear however, is that climate change is going to impact health funders through an increased need for health care.

Australian health funds, with a record membership of more than 14.5 million (55% of the population), have been leaders in the Australian business response to climate change. Many health funds are publicly committed to net zero emissions, or are on the pathway to do so. Many funds have already achieved carbon neutrality for their own operations and have responsible investment strategies taking into account environmental, social and governance factors such as climate change.

However, current regulations prohibit health funds from using their members' purchasing power to influence environmentally friendly health care from providers. Australia's regulatory framework [prioritises hospital-based care over home-based care](#), and the [high prices paid for medical devices](#) favours devices over medicines, and encourages the import of devices over domestic production. Assessing the environmental costs of these policies is likely to tip the balance towards removing these harmful regulatory practices.

Australian Government regulation reinforces poor environmental practices in the medical device sector. For example, the inflated benefits health funds are required to pay per item, through the Prescribed List of Medical Devices and Human Tissue Products (PL), creates a strong incentive for wasteful use, which is fuelled by sales-based commissions common in the medical device sector.

PHA has long campaigned for a major overhaul of this system to remove the perverse incentives leading directly to wasteful over-consumption of surgical implants and supplies.

Further, PHA supports a focus on prevention and reducing hospitalisation as a pathway to fewer harmful emissions – over 10% of hospitalisations in Australia could be moved to lower burdensome options such as out of hospital care or reduced length of stay with no decrease in quality or outcomes and, in many cases, improved outcomes. Reducing the burden of treatment for consumers will also reduce the burden on the environment.

The 'quick wins' for emissions reduction strategies in health will occur where policy levers, such as improving medical device pricing and access to out of hospital care, consider environmental factors as well as focussing on health financing.

PHA looks forward to working with the Australian Government, our member health funds, and other stakeholders across the health system to improve our environment and address the climate emergency.

[PHA's submission: National Health and Climate Strategy submission](#)

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 21 Australian health funds with a combined membership of over 14 million Australians, or 98% of the sector on membership.

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