

Media Release

1 March 2023



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

Australians sign up to private health insurance in record numbers

Australians continue to sign up in record numbers to private health insurance. The latest APRA data shows that the private health insurance sector has seen 10 consecutive quarters of membership growth since June 2020, as Australian families realise the value of health insurance during the pandemic and its economic aftermath.

A record 14.42 million Australians (55 percent of the population) now have private health cover. PHI membership grew by 2 percent in 2022, with an additional 305,687 persons taking out private cover.

PHA CEO Dr Rachel David said health insurance provides members with choice, convenience and control at a time when the health system, particularly public hospitals, is unable to cope with the demand for surgery and mental health care.

“Australians are turning to private health cover in record numbers to access timely surgery and mental health treatment, even in the face of escalating cost of living pressures. While health funds are doing everything they can to keep premium increases as close to zero as possible, healthcare inflation will be sticky, and must be tackled head on by government and the sector.”

“While we’ve had 10 quarters of PHI membership growth, we’ve also seen nine consecutive interest rate hikes, surging inflation, disruptions in global supply chains and the workforce shortage is taking its toll on consumers and business. CPI over the year to December 2022 was 7.8 percent, the highest since 1990. The impact of inflation on the broader economy has driven up input costs in healthcare significantly.

“Australian families are under increasing financial stress and the era of government-regulated over-pricing and low value care in the health system must be brought to an abrupt end. The latest APRA data again shows that generic medical device claims consistently continue to grow out of proportion to the number of procedures performed in hospitals. Over the December 2022 quarter, the number of prostheses items funded by private health insurance grew by 5.2 percent compared to a 0.3 percent increase in medical services. Australians are paying hugely inflated prices for generic medical devices – between 30-100 percent more than in comparable countries and this is the single largest contributor to increasing PHI premiums.

“Further, the Government should raise the bar to entry for private hospitals accessing default benefits (regulated benefits health funds must pay to non-contracted hospitals) – which is currently so low the disgraced Cosmos cosmetic surgery clinics successfully applied to access these payments. This is not only bad for patients, it also inflates premiums.

“Health funds are doing all they can to keep costs under control and ensure private health cover is available to many Australians as possible. Since the start of the pandemic, more than \$2 billion has been returned to customers through cash backs and premium deferrals and this process is continuing, but can’t go on indefinitely. In this economic climate, there is no room for regulated overpricing, wasteful spending or low value care. Australian consumers cannot afford it.”

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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