

Media Release

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

Australians with health insurance will not lose access to private hospitals: peak body for health funds

Australians with health insurance will not lose access to private hospitals, despite a scare campaign launched today by Healthscope and its private equity owner, Brookfield, to mislead consumers.

CEO of Private Healthcare Australia Dr Rachel David said the Healthscope campaign, backed by Brookfield, a North American private equity firm managing \$1.4 trillion in assets, is designed to pressure health insurers and the Federal Government into a bail out which would drive up the cost of health insurance for millions of Australians.

“I want to reassure the 12 million Australians with hospital cover that health funds will not let hospitals in genuine areas of need close. Health funds are helping private hospitals recover from a difficult period, but we will not do anything that unnecessarily drives up the cost of health insurance in a cost-of-living crisis.”

Dr David said while Healthscope is threatening to terminate contracts with some health funds and suggesting this will increase costs for consumers receiving hospital treatment, health funds will not permit hospitals to charge consumers more.

“Healthscope is the one threatening to charge consumers more, not health funds. It’s a disgrace they are threatening pregnant women and people with cancer with extra fees.

“We are holding the line to protect our members from rising premiums and out-of-pocket costs. We know Australians value their health insurance and we will do everything in our power to protect them from unnecessary costs.

“Health insurance continues to return more to its members than any other type of insurance, including car insurance and home and contents insurance. And many funds are investing in new services to deliver members more, including telehealth, ‘no gap’ hospital treatments with shorter stays, home based rehabilitation and mental health care, and home delivered medicines.”

Brookfield bought Healthscope in 2019 with a goal to make as much money as possible for its foreign investors, but it took on too much risk and too much debt. Brookfield ransacked the assets, sold them offshore, and now they’re struggling to pay their bills due to inflation and high interest rates.

“Brookfield does not care about the health of Australians or our health system. It is the only hospital owner in Australia whose mission is to make short-term financial gains for foreigners, including its CEO Bruce Flatt who is worth an estimated \$5.8 billion.”

While Brookfield has already returned more than \$2.5 billion in profits from the sale of Healthscope hospitals to its North American owners, company reports filed by Healthscope in April reveal it has been underpaying Australian staff, denying them at least \$21.7 million.

“The real underpayment here is by Brookfield and Healthscope, not health insurers,” said Dr David.

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds. 14.9 million Australians (55% of the population) have private health insurance.

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“These big private equity firms love to privatise profits but socialise losses. This underpayment scandal proves they do not care about Australian workers and now they want other Australian businesses and families to pick up the bill for their flawed strategy.”

Healthscope has already received significant financial assistance including multiple out of contract payment increases from different health insurers totalling tens of millions of dollars. The Federal Government is also undertaking a financial ‘health check’ of private hospitals.

If the evidence gathered by the ‘health check’ demonstrates there are hospitals at genuine risk of closure in areas of need with no other private services, health funds will step in to prevent this. We must however allow the process to run its course.

“The truth is Healthscope hospitals are struggling because its private equity owner Brookfield took a punt in 2019 that went wrong. This has nothing to do with health insurer payments to hospitals on behalf of their members.”

Health insurers acknowledge private hospitals, like all sectors, have been under pressure, so they are working with the Government and private hospitals to develop a sustainable solution. However, Brookfield’s tactics are undermining the process and eroding good will.

“Health insurers are not sitting on a pot of gold that can be raided by a private equity firm. Health insurers have returned more than \$4.3 billion to consumers as part of their commitment not to profit from the pandemic which temporarily reduced access to health services. It is outrageous to suggest the Government, health insurers, and Australian consumers working hard to pay their health insurance premiums, should bail out a foreign private equity firm,” said Dr David.

Australian health insurers have been looking after the health and wellbeing of Australians for generations, funding their health care, supporting health and medical research, providing disaster relief, and investing in local communities. They will fight to protect their members’ interests and keep premiums as low as possible during these difficult economic times.

The latest data from the Australian Prudential Regulation Authority shows nearly 15 million Australians are contributing to their own healthcare via health insurance. This is taking enormous pressure off Australia’s busy public health system which has record long waiting lists for care.

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