



Press Release

21 July 2020

CHOICE doesn't understand how our healthcare system works

Statement attributable to CEO Dr Rachel David

Once again CHOICE has sought to undermine the importance of Australia's private health system. CHOICE has become nothing more than an activist organisation promoting its own niche ideologies instead of communicating the facts to consumers.

In recent years, CHOICE has changed its approach to research and campaigned vigorously against private health in Australia. The private health sector is a vital part of our world-class healthcare system that supports 13.6 million Australians access timely and efficient care, leaving the public system for those who need it most.

Its latest missive criticising health funds on their response to the pandemic is inaccurate and irresponsible. Health funds were among the first organisations to respond to the crisis by supporting their members financially and with access to healthcare in the first week of national lockdown. CHOICE has made no reference to how many people have been assisted or by how much. This is in spite of the fact over 100 000 people have claimed hardship assistance and members can continue to do so.

Health funds have repeatedly and publicly said they will not profit from the COVID-19 restrictions and are not hiding a pot of gold. Health funds made some savings over the six-week period in which elective surgeries were cancelled and some allied health providers were closed. Over half a billion dollars of these savings have already been returned to members.

What CHOICE doesn't understand is surgeries and treatments have not been cancelled. They have been postponed. Members who needed joint replacements, cataracts and endometriosis surgery still do post-COVID. Dental and allied health appointments have now returned to normal levels.

Health funds are now using the remaining savings to fund the backlog of elective surgery. The Australian Prudential Regulation Authority (APRA) has made it clear that health funds must retain enough capital to fund this backlog of elective surgeries and the additional healthcare needs of private patients.

Private Healthcare Australia encourages CHOICE to read up on all the regulatory and capital requirements private health insurers are governed by to understand why funds must retain capital to fund vital healthcare for our over 13 million members – now and into the future.

The value of private health insurance has never been greater. With private cover, members have access to timely care with a fully trained doctor responsible for their care. This compares to the public system where wait times for common elective procedures are blowing out to more than two years as a result of the pandemic. Allied health services have returned to normal and some, including dental and optical, are operating at service levels above pre-COVID levels, to clear the six-week backlog.



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Funds have already returned more than \$500 million in savings to members in the form of:

- Postponing the April 1 premium increase for six months;
- Financial hardship provisions for people who were unemployed or under-employed as a result of COVID-19; and
- Funding of vital telehealth services for psychology, physiotherapy and more.

Some funds have also provided members with cash backs, rollover of services to the next calendar year and cancelled the October 1 premium increase. If the independent regulator's claims data, due to be released in a few months' time, shows more savings need to be returned to members, health funds will do so.

Premiums rise because funds are paying for more healthcare. The COVID-19 situation has not stopped health inflation rising at levels far above general inflation.

Health funds don't want to increase premiums by a single dollar, but it is necessary to ensure health funds remain financially viable, meet statutory prudential requirements and most importantly, continue to be in a position to provide members with access to quality and timely healthcare.

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About PHA

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.

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