

# Media Release

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Private Healthcare Australia  
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## Fraud, waste and abuse rife in Australia's 'back pain industry'

An investigation by ABC Four Corners into spinal surgery has exposed serious risks to patients and the shocking extent of fraud, waste and abuse in Australia's 'back pain industry'.

Private Health Australia (PHA) CEO Dr Rachel David said:

"As a result of the Four Corners expose, PHA will immediately ask payment integrity experts within our health funds to investigate allegations of fraud, waste and abuse in spine surgery for back pain. We expect the Department of Health and Aged Care (DoHAC) will launch its own investigation as a matter of urgency and we'll be seeking confirmation of this."

"Four million Australians are living with [chronic back pain](#). Despite evidence spinal fusion is no more effective than non-surgical treatments such as exercise and often results in complications, more and more Australians including the elderly are undergoing this high risk procedure."

"Low value care is both dangerous for patients and a drain on our health system. Research has repeatedly pointed to spinal fusion procedures as a major culprit. Not only are these interventions often of little or no benefit to the patient presenting with pain, there is a serious problem with fraud, waste, and abuse in this field."

The ABC investigation cites a new analysis of private health insurance billing records by medical billing expert Dr Margaret Faux, founder of Synapse, and Kirontech, a UK-based software company specialising in detecting fraud, waste and abuse in medical payments systems.

The report assesses payment integrity for spinal surgery billing (spinal fusions and decompressions) in Australia using de-identified data from six private health funds representing 25% of the market (23,000 patients who had undergone spinal surgery between November 2017 and May 2023).

It identifies shocking trends in Australia's 'back pain industry' – billing for services not provided, billing for add-on services not done, admitting patients to intensive care unnecessarily, providing and billing patients for services they don't need and are potentially harmful.

Surgeons were billing for implausibly short periods of time – three surgeries in 30 minutes – which suggest the surgeries billed were not performed. One anaesthetist claimed a 14-hour anaesthetic time for a spinal decompression and fusion, while others involved in the same surgery claimed the procedure lasted less than an hour.

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 21 Australian health funds. 14.7 million Australians (55% of the population) have private health insurance.*

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“Australian health funds are required by law to pay claims Medicare has paid and are therefore reliant on government to prevent fraud, waste and abuse. The Government’s own review into Medicare Compliance and Integrity found that Medicare is haemorrhaging billions of dollars a year in waste.”

“Eliminating low value care such as fusion surgery for chronic back pain which is rarely required and usually ineffective, will allow health funds to pass on savings to consumers via lower premiums and divert funding to treatments that have actually been proven to work for back pain.”

“With cost of living escalating and pressure increasing on family and government budgets, it is crucial the government and payors work together as a matter of urgency to restore trust in our medical payments system.”

“Every dollar should be spent ensuring high quality health outcomes for Australians, not squandered through fraud, waste or abuse of the system”.

-ENDS-

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