

Media Release

18 May 2021



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

Government efforts to keep premiums affordable give PHI membership a boost

Stabilising membership and coverage levels in both Hospital cover and Extras policies demonstrate consumers recognise the value of private health as Australia tackles the COVID-19 pandemic.

Private Healthcare Australia CEO Dr Rachel David said flexible options including telehealth, access to mental health treatments and hospital in the home, as well as the financial support provided by health funds during the pandemic had enhanced the value proposition of private health insurance (PHI).

“More than 13.8 million Australians choose to have PHI for the choice and peace of mind it provides. As public hospital waiting lists continue to blow out, more Australians are taking out PHI to ensure they have timely access to surgery. Maintaining the balance of Australia’s private/public healthcare system is more important than ever.”

According to the latest APRA statistics, in the year to March 2021, there has been an increase of 1.5 per cent in the number of Australians with hospital cover (11.39 million) while general treatment coverage increased by 1.8 per cent (13.88 million).

Australians are also returning to using their PHI at pre-COVID-19 levels. Health funds paid \$22.2 billion in benefits on behalf of their members in the year to March 2021. For every premium dollar, health funds continue to return on average 88 cents to consumers (higher than any other form of insurance) in the form of healthcare benefits payments or claims reimbursements.

“As predicted, a large proportion of deferred claims due to COVID-19 restrictions are being funded and we are seeing an increase in both surgical procedures and allied health treatments,” said Dr David.

For the year ending March 2021, hospital episodes funded by PHI were 4.31 million compared with 4.72 million for the year ending March 2020, demonstrating a rapid uptake in surgery post restrictions. General treatment services funded by PHI for the year ending March 2021 were 89.6 million compared with 93.1 million for the year ending March 2020.

“During 2020, health funds were required by APRA to retain additional capital to fund the return of treatment post-pandemic,” said Dr David. These funds will be wound down as claiming patterns stabilise over the next 18-24 months.

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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PHA data shows that for the 12 months to March 2021 there have been over 162,000 financial hardship member applications approved by the PHI sector, with an estimated total value of over \$162 million.

Dr David said health funds were committed to providing ongoing financial support for members and ensuring the affordability of PHI into the future.

“The reported increase in out of pocket costs is concerning and I urge hospitals and doctors to work with private health insurers to minimise this impact on consumers. It is critical at this time that health funds, medical practitioners and all healthcare stakeholders prioritise the needs of patients and work together to ensure private health insurance is affordable and continues to take pressure off the public system.

“Australia’s healthcare system is something that we can all be proud of. A strong private healthcare system will reduce pressure on public hospitals so they can provide the level of care needed for those without health insurance.

“The Budget measures announced by the Morrison Government, including fast-tracking change to medical device pricing, reviewing the current policy setting for the Medicare Levy Surcharge, the PHI Rebate and default benefits are a major step towards improving the affordability of private health care.”

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