



Health Funds delivering benefits for consumers

The CEO of Private Healthcare Australia, Dr Rachel David, said Australian Health Funds are committed to keeping private health insurance sustainable and premiums affordable for members. The fact that funds are operating as successful businesses demonstrates that the future of the industry looks healthy and secure.

“Unfortunately claims today from the Consumer Health Forum regarding PHI premiums and benefits are misleading and do not take account of volatile claiming patterns”, said Dr David.

“It is not appropriate to make a judgement about the level of profit vs premiums based on one quarter of data which is subject to seasonal and other variations. Premiums are calculated on a 12 month basis for that reason. Over the last two quarters hospital admissions have been unusually slow which has led to reduced claims, this statistical variation is now rebounding to normal levels.

“The latest APRA report shows hospital benefits grew 14% from the March quarter to the June quarter, and further analysis shows the June quarter figure was 6.6% higher than the corresponding quarter last year. This demonstrates that over analysing a short term snapshot of the industry can be misleading.

“Health funds are consistently paying out the highest percentage of the premium back to customers of all insurance types – an average of 86c in the dollar. This compares with 67c for property insurance and 62c for general insurance.

“When run as a for-profit or a not-for-profit, health funds must operate as successful businesses to be able to deliver benefits for their members. The fact that a fund is returning a profit or a surplus in the case of the NFPs is a positive sign the business is being run responsibly, and not bad for consumers. The worst outcome for consumers is a badly operated fund that falls over.

“The 12 month premium cycle is legislated, even if it were appropriate, health funds cannot adjust premiums to account for windfall gains outside of this cycle.

“The CHF has called for change but does not specify what this is. It also calls for a further review of PHI when a major review process is already underway. PHI funds have committed to working cooperatively with Government and other stakeholders on implementing the findings of the current PHI Review. Health funds have already made a considerable investment towards implementing the consumer transparency policies announced by the Coalition, including the Gold, Silver, Bronze product navigation proposal”, said Dr David.

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