



Press Release

12 July 2020

Health funds among the first to act to assist their members in the pandemic, and are not hiding a pot of gold

Statement attributable to CEO Dr Rachel David

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.

Elective surgeries were not cancelled, they were 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.

Health funds are governed by strict regulatory and capital requirements. 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.

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.

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.



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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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