Media Release

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Private Healthcare Australia
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Health funds call for new model of private hospital maternity care to make it more affordable

Australian midwives and GPs should be allowed to manage pregnancies and births in the private hospital system under a new proposal that would see health insurers funding more options for expecting families.

In response to concerns many Australians are turning away from private hospital maternity services due to factors including high out-of-pocket fees that can exceed $6,500 in some cities, health insurers want to be able to fund more choices, including midwife-led care and GP-led care in the private hospital system.

In a budget submission to the Federal Government, Private Healthcare Australia (PHA) said midwives, GPs and obstetricians should be able to offer a total package of private maternity services, including pregnancy care in the lead up to birth, with fixed out-of-pocket costs so families know exactly how much they will pay.

At the moment, women must pay a private obstetrician directly to manage their pregnancy and deliver their baby in a private hospital, but this often includes uncertain and high out-of-pocket costs charged for consultations, scans, and pathology, among other services. Sometimes these costs are not disclosed at the start of a pregnancy and many people feel powerless to challenge unexpected costs.

“Many women are attracted to the benefits of a private hospital birth, which offers the choice of your own doctor, continuity of care, and your own room, but the costs are rapidly becoming prohibitive,” said Dr Rachel David, CEO of Private Healthcare Australia.

“We want to create more affordable options that health insurers are prepared to help fund. We know many women would like to engage their own midwife or GP with obstetrics experience to care for them in the private system, particularly if they have a low-risk pregnancy. But there’s no funding model set up for this.”

“We also want options for women to engage a private obstetrician and midwife under a shared care arrangement where the midwife can call the obstetrician for input when necessary. These shared care arrangements maximise the use of both health professionals’ skills.”

Currently health funds can only legally pay for in-hospital care, not the management of a pregnancy in the lead up to birth. Health funds cannot fund a midwife or GP to manage a pregnancy or birth in the private hospital system at present.

Dr David said in the public hospital system, women with low-risk pregnancies were often cared for by midwives without the need for an obstetrician, and GPs with additional training in obstetrics often delivered babies in regional in rural areas.

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds. 14.8 million Australians (55% of the population) have private health insurance.

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Under the proposed model, one lead practitioner would coordinate all the services required. This would include negotiating remuneration for other service providers, with the lead practitioner providing a single bill to the patient covering all the services required.

Such an approach would eliminate the drip pricing currently being experienced by consumers and ensure parents were aware of the total out-of-pocket costs before they started the private maternity care journey. It would also open new high-quality care options for parents and offer medical providers models with more sustainable cost structures for a wider group of people, she said.

To compensate lead practitioners for the administrative burden and to reduce overall out-of-pocket costs for consumers, PHA recommends health funds and the Australian Government each provide a minimum of $3,000 to lead practitioners who undertake the task of coordinating care and providing a single bill to the patient.

This would cost the Australian Government around $246 million over four years but would save the Government money by lowering demand for the public hospital system.

The proposal comes after a Federal Government review recently supported "a bundled payment for maternity care, inclusive of the midwifery continuity of care model, traditional midwife plus medically led model, or a GP shared care model for combined, integrated, woman-centred care provided in primary care and private hospital settings."

About 46% of Australians have hospital cover as part of their health insurance, and about one in four births currently occur in private hospitals.

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