

Media Release

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

Health funds committed to easing cost of living pressure

Australian health funds have delivered a premium increase well below inflation.

However more needs to be done to maintain downward pressure on premiums as more people join health funds to access essential surgery and mental health treatment.

“Recognising the impact of escalating cost of living pressures on Australian families and growing demand for private health insurance, health funds are doing all they can to keep premium increases as close to zero as possible,” said Private Healthcare Australian CEO Dr Rachel David.

“The rising costs of recruitment, power and food have hit hospitals hard, and keeping hospital care sustainable without pushing up premium costs for households has become a major challenge.

“As inflation and cost of living expenses increase so too does the cost of health care, putting upward pressure on premiums, and with government-sanctioned overpricing continuing in some areas of healthcare, it is increasingly difficult to keep costs down.

“The largest factor currently increasing premiums for Australian families is the inflated price of generic medical devices. Australians pay 30 – 100 per cent more than people in countries such as New Zealand, the United Kingdom, France and South Africa for commonly used generic medical devices.

“Reform is happening to reduce medical device prices in line with the market, but it is occurring at a glacial pace while people are struggling.

“PHA is calling on the Albanese Government to immediately cease the over-pricing of medical devices for the private sector and bring costs in line with the public sector, then commission the ACCC to review a better way forward to prioritise consumer interests.

“The review should be conducted independently by the ACCC, which sits outside the usual health sector interests and lobbyists, and can provide the Government with reliable data and economic analysis as to why the present pricing arrangement for generic medical devices must change and consumers put first.

“Furthermore, a review the Government is conducting on default benefits should recognise mandating health fund payments to uncontracted, low-quality hospital services which are surplus to requirements is bad for patients and inflates premium costs.

“The barriers to entry for private hospitals accessing default benefits are set so low that the disgraced Cosmos cosmetic surgery clinics successfully applied to access these payments.

“Reform would mean cheaper private health premiums for consumers, address cost of living pressures and meet the Government’s election commitment to reduce waste and rorts.

“Research shows that consumers want lower premiums, access to high quality care, and lower out of pocket costs. Health funds are committed to delivering value to their members as demonstrated by this record low annual premium increase and through the numerous measures introduced during COVID.

“This included fulfilling their commitment to return any savings accumulated as a result of lockdowns to their customers, which totalled more than \$2 billion. No other health sector group made the commitment not to profit from the pandemic.

“It is well recognised a strong private system supports the public health system and during COVID Australians signed up for private cover in record numbers to avoid long hospital waiting lists. The private health insurance sector experienced nine consecutive quarters of membership growth and a record 14.37 million Australians now have private health cover. Between June 2020 and September 2022, an additional 758,493 Australians took out private health insurance.

“It is critical the Government supports sensible measures to help keep premiums under control and help these people to access the health care they need.

“Australians with private health insurance are not rich – 42 per cent have a taxable income of \$50,000 per year or less and 10 per cent of these are on the aged pension as their only income. They are all making a direct contribution to the cost of their health care, which in turn is taking pressure off overstretched public hospitals. Without this contribution, our world-class health system would fall over.”

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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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