

# Media Release

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

## **Health funds will work with the Federal Government to address problems with Gold cover**

Health funds will work with the Federal Government to thoroughly examine problems with Gold health insurance products following the Commonwealth Ombudsman's public statement today.

Health funds want to deliver affordable Gold products that will meet their members needs without incurring losses that make those products unsustainable. This has been a challenge for some time with health inflation surging and health insurance claims rising for an older, sicker population.

The product tiering system imposed by the former federal government has also made it more difficult. For several years, PHA has been calling for an overhaul of the rigid 'Gold, Silver, Bronze, Basic' tiering of products introduced by the former government in 2020.

Under the tiering system, Gold health insurance covers the most expensive treatments in our health system, including obstetrics, psychiatry, joint replacement surgery, weight loss surgery and other complex procedures.

Confining the most expensive medical treatments to the Gold tier attracts people who know they are going to claim. This creates a high-risk pool where the cost of care compounds and rises quickly. This is often unsustainable for health funds.

When health funds close products, it is usually because those products are making a loss. The Australian Prudential Regulation Authority (APRA) does not permit loss-making products to remain in the market indefinitely.

When more expensive policies are created, the pricing reflects the underlying cost of healthcare, which is increasing every year in an inflationary environment.

Since 2020, health insurance premium rises approved by the Federal Government have consistently been under inflation.

The 'Gold, Silver Bronze, Basic' product tiering system needs urgent review. We will raise this in the Private Health CEO Forum appointed by Health Minister Mark Butler to examine options to improve the viability of our private health system.

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds. Over 15 million Australians (55% of the population) have private health insurance.*

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