

# Media Release

25 May 2022



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

## Healthcare reform – it's time

Private Healthcare Australia (PHA), the peak body representing Australian health funds, congratulates the Albanese Government on its election and looks forward to working collaboratively to improve affordability and access to quality health care for all Australians.

PHA CEO Dr Rachel David has urged the Albanese Government to adopt much needed and long awaited health sector reforms to ease the financial pressure on Australian families, keep private health insurance premiums affordable and protect our world-class mixed public/private health system.

“Australia’s healthcare system is facing serious challenges. Consumers are juggling cost of living pressures, health care costs are rising, elective surgery waiting lists have blown out and demand for mental health services and dental care is sharply increasing. Supporting private health insurance is the quickest, cheapest and most efficient way to address the backlog of elective surgery and give Australian families access to timely healthcare. Unfortunately, affordability of PHI remains a barrier for many people.

“COVID highlighted the value of PHI and consumers continue to sign up in record numbers with the latest APRA data showing seven consecutive quarters of growth in hospital and general treatment policies. There are now more than 14.19 million Australians with private health cover. They are mostly retirees and working mums with children, who rely on PHI for timely access to healthcare and to keep their families well. More than 42 per cent of people with PHI have an annual taxable income of less than \$50,000 and they can ill afford to pay for wasteful excesses that drive premium prices. Under Federal legislation, health funds do not have sufficient levers to manage the cost of care without the help of the Government.

“Quarter after quarter APRA consistently identifies the cost of generic medical devices as the fastest growing area of healthcare claims expenditure. Under the Morrison Government’s pricing agreement with multinational medical device companies, patients were forced to pay 30-100 per cent more for the same medical devices compared to France, New Zealand and the UK. Over the past three years:

- Medical devices (prostheses) remain the largest driver of PHI premium increases (a 5.6% benefits growth increase for prostheses compared to 0.9% for medical services and 2.7% for hospital nursing and accommodation).
- Medical devices (prostheses) benefits outlay has contributed to 27% of the increase in hospital treatment benefits paid versus 5% for medical services.
- The number of prostheses items funded by PHI has increased by 6.7% totally out of proportion to medical services and hospital episodes which decreased by 3.1% and 1.1% respectively.

“The Albanese Government should scrap the secret deal former Health Minister Greg Hunt made in the last days of government, which transfers \$250-\$400 million from the pockets of health fund members’ to big multinational device companies. There will be significant savings for consumers and for government by resetting prices for medical devices in line with the market - over \$500 million per annum, equating to a two per cent reduction in premiums in the next round.

“This funding is urgently needed in the Australian health system to support not just health fund members, but hospitals, doctors and nurses. There is no room for a single dollar of wasteful spending.



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

“Now it’s time for the new government to tackle the tough challenges we face and enact the reforms needed to remove wasteful costs, deliver cheaper PHI premiums for families, and more financial support for doctors, nurses and allied health workers.

“The Government should also consider restoring the PHI rebate to 30 per cent (it is currently less than 25 per cent) for low and middle income families, to improve affordability and take the pressure off public hospital waiting lists. Further erosion of the PHI rebate will mean more people drop private health insurance and put pressure on the public system, and increase cost of living pressures for vulnerable older Australians.”

Other reforms to required to ensure the sustainability of Australia’s mixed public/private health system include:

- Increase the Medicare Levy Surcharge by 100 basis points for high income earners.
- Allow private health insurers to contribute to primary and secondary prevention programs offered by general practice.
- Rhetoric around promoting out of hospital care needs to translate to action.
- Address out of pocket costs for consumers.

- ENDS -

*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.*

Media contact: Jen Eddy  
M: 0439240755

Private Healthcare Australia  
Suite 7, Level 36  
1 Farrer Place  
SYDNEY NSW 2000

T: (+61) 2 6202 1000  
E: [admin@pha.org.au](mailto:admin@pha.org.au)  
[www.privatehealthcareaustralia.org.au](http://www.privatehealthcareaustralia.org.au)  
Twitter: @PHA\_Healthcare