

# Media Release

22 May 2024



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

## Keeping premiums affordable keeps pressure off public hospitals

Half of all Australians continue to rely on private health insurance for quality care, greater access and control over the timing of their treatment. Over 14.8 million people now have private health cover.

The latest APRA quarterly report shows that hospital benefits paid by health funds have hit an all time high. In the year to March 2024, benefits paid for hospital accommodation, theatre, nursing, medical devices and medical benefits reached \$17.69 billion, an increase of 9.7 percent.

Similarly, benefits paid for extras, including dental, optical and physiotherapy treatment reached \$6.21 billion, an increase of 5.4 percent. Total benefits paid by health funds were \$24 billion, up 8.6 percent on the previous year.

Private Healthcare Australia (PHA) CEO Dr Rachel David said, “private health insurance is a crucial plank in our mixed public/private health system - it provides almost 15 million Australians with access to timely, high quality health care and frees up public hospital beds for those who need them most.”

“Without a strong private healthcare system, our public hospitals will be overwhelmed. That’s why it’s so important that the government and healthcare stakeholders do everything they can to keep premiums affordable.”

“If private health insurance participation is to be sustained to keep pressure off supersized waiting lists and crowded EDs, we must get inflation under control in the sector. Our regulators need to work with us to do everything possible to put downward pressure on premiums.”

Already this year health funds have worked with the government to deliver an average premium increase in 2024 of 3.03% which is half the rate of health inflation in the prior year, and well under forecast inflation. This rise is a fraction of the premium increases for other insurance types and the funding increase for public hospitals.

“As a sector we need to do everything possible to eliminate waste and inefficiencies in the private system that artificially inflate premiums, to take pressure off our public hospitals. Every health stakeholder needs to be pulling in the same direction, and with the majority of planned surgery funded by private health insurance, this is urgent.”

Australian health funds continue to provide value for money for their members. In spite of a highly inflationary environment, and tight limits on the amount financially stressed consumers are able to pay, the funds are covering the rising costs of hospital care.

However, the cost of generic medical implants and surgical supplies rising out of proportion to the number of procedures and admissions is one of the biggest avoidable factors driving premium increases. Benefits paid for medical devices in the year to March 2024 increased by 7.2 percent to a high of \$2.39 billion.

*Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 21 Australian health funds. 14.7 million Australians (55% of the population) have private health insurance.*

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APRA data shows that over the past five years, the number of medical devices funded by health insurers increased by 20.5 percent compared with a 4.6 percent increase in hospital treatment medical services and a 5.9 percent increase in hospital episodes over the same time. This is not sustainable and has not been associated with an improvement in patient outcomes over this time.

“The current medical device pricing structure keeps premiums higher than they need to be and ensures big multinational companies make much larger profits in Australia compared to other countries. Despite years of negotiation, the price of common medical devices and surgical implants in Australia is still around 30-100% higher than comparable countries.”

“With cost of living and health inflation spiralling, it’s clear this is no longer affordable and our regulators need to take much more effective steps to drive change in line with the rest of the world,” said Dr David.

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