

## **Lowest average PHI premium increase in two decades**

Australian health funds have delivered the lowest premium increase in two decades, demonstrating an ongoing commitment to members during what has been a challenging year for consumers, industry and government. The average premium increase of 2.74% will come into effect on 1 April 2021.

Despite the COVID-19 restrictions, for the 12 months to September 2020, Australian health funds paid a record \$22 billion in benefits on behalf of members for 90.3 million subsidised hospital and ancillary services.

In the year to September APRA reported that health funds' "net margins fell to 2.1% (lowest since 2003) being the result of premium growth not keeping up with the rising costs of claims."

"Health funds don't want to increase premiums by a single dollar, but it is necessary to ensure health funds remain financially viable, meet statutory prudential requirements and most importantly, continue to be in a position to provide members with access to quality and timely healthcare," said PHA Chief Executive Dr Rachel David.

"The only reason premiums go up at all is because health funds are paying for more healthcare.

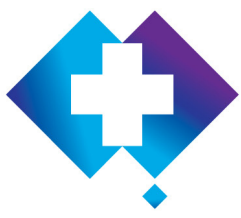
"APRA data throughout 2020 has consistently shown there is no 'windfall gain' for Australian health funds as a result of COVID-19 restrictions.

"Health funds responded quickly and effectively to support their members during the COVID-19 pandemic and have either returned any savings to consumers already or are using them to fund the backlog of elective surgery. Given the elective surgery shutdown, the private health sector has done an outstanding job to keep surgeries over the year to September at 93% of the rate of the previous twelve months.

"The value of our mixed private and public health system has been clearly demonstrated during the COVID-19 pandemic. It showed our capability to provide extra surge capacity while maintaining high quality and delivering a critical safety net for Australian governments as they navigated the response.

"Holding on to PHI has never been more important. Public hospital waiting times for elective surgery could exceed 1.5 years and some media reports suggest a 10 year wait for some procedures.

"Affordability, however, remains a key issue for members and health funds and we are working with the government on the next phase of PHI reforms to bring down costs and reduce waste which will in turn reduce pressure on premiums.



## Press Release

Key reforms that will go a long way to improving affordability and quality of care include:

- Restoring the PHI rebate to 30% – it has been eroded to less than 25% - for low and middle Australians will make premiums more affordable for people who are paying for the cost of their own healthcare, as well as reducing pressure on our public hospitals. Of the 13.75 million Australians who rely on private health insurance about 93% (ATO) benefit from the PHI rebate. Almost half of the privately insured population have disposable incomes under \$50,000.
- Cutting red tape to allow funds to cover some treatments outside the hospital, particularly in mental health care. About 1 in 5 PHI claims for people under 30 are for mental health treatment and it is now the #1 leading cause of hospitalisation for women up to age 55.
- Holding multinational medical device companies to account by bringing down the cost of inflated medical devices. The latest APRA data revealed that while prostheses utilisation was down -0.6% in the year to September 2020, benefits paid on behalf of health fund members increased by +0.5%.

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.*

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# PRIVATE HEALTH INSURANCE: CHOICE & PEACE OF MIND

PRIVATE HEALTH SUPPORTS MILLIONS  
OF AUSTRALIANS

**13.75  
MILLION**

Australians have private  
health insurance

**11.3  
MILLION**

Australians have  
hospital cover

FOR 12 MONTHS TO SEPTEMBER 2020,  
PRIVATE HEALTH INSURANCE PAID:

**\$22  
BILLION**

in benefits on behalf of  
members

**90.3  
MILLION**

subsidised hospital and  
ancillary services<sup>1</sup>

## HAVING PRIVATE COVER MEANS:



Avoiding long public hospital  
wait lists



Choosing your  
specialist



Choosing the timing of  
your procedure



Continuity of care with the  
same fully-trained Doctor

## YOUNG PEOPLE RECEIVE VALUE FROM PRIVATE COVER



### MENTAL HEALTH CARE

About 1 in 5 claims for people  
under 30 are for mental  
health treatment



### DENTAL CARE

Access to affordable dental  
care at a critical  
life stage



### SPORT INJURIES

Timely elective surgery &  
rehab and physio  
coverage



### ELECTIVE SURGERY

PHI funds 57% of  
endometriosis  
hospitalisations<sup>2</sup>

## IN THE PUBLIC SYSTEM:

**209 days**

median wait  
time for a total knee  
replacement<sup>3</sup>

**66,242**

Victorians are on a wait list for  
elective surgery as at 30  
September 2020<sup>4</sup>

**301 days**

average wait time for  
non-urgent elective  
surgery in NSW<sup>5</sup>

**8 months**

on average longer wait in the  
public system to see a specialist  
in Western Australia<sup>6</sup>

## PRIVATE HEALTH INSURANCE FUNDS:

**≈2 out of 3**

of elective  
surgery

**54%**

of all hospital  
admissions for mental  
health care

**63%**

of all joint  
replacements

**1/2**

of all Australians claim  
for dental services  
through a health fund



## PRIVATE HEALTH, PUBLIC BENEFIT

Australia relies on a balanced private/public health system.

PHI takes the pressure off public hospitals and reduces wait times for everyone. It saves public hospital beds for people who need them most.



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1. APRA

2. Endometriosis in Australia: prevalence and hospitalisations (AIHW, 2019)








3. AIHW









4. Victorian Agency for Health Information

5. Bureau of Health Information Report

6. A comparison of wait times for public  
and private hospitals (HBF, 2018)

**Private Health Insurance** pays for life-saving treatments, births and treatments that improve and extend your quality of life.

SELECTED HOSPITAL PROCEDURES		HOSPITAL TREATMENTS FUNDED BY PRIVATE HEALTH INSURANCE	OVERALL PROPORTION DONE IN PRIVATE HOSPITALS (%)
Colonoscopies		204,236 ↑ 6,295	68%
Inpatient rehabilitation		353,318 ↑ 25,303	80%
Chemotherapy		274,080 ↑ 708	54%
Renal dialysis		219,334 ↑ 15,603	19%
Gastrosopies		92,369 ↑ 3,660	65%
Lens and glaucoma procedures		136,404 ↑ 9,674	70%
Same day mental health treatment		128,879 ↑ 3,252	76%

SELECTED HOSPITAL PROCEDURES		HOSPITAL TREATMENTS FUNDED BY PRIVATE HEALTH INSURANCE	OVERALL PROPORTION DONE IN PRIVATE HOSPITALS (%)
Retinal procedures		78,315 ↑ 8,623	84%
Invasive cardiac investigative procedures		51,916 ↑ 1,920	52%
Knee replacements		30,977 ↑ 714	73%
Stroke		15,721 ↑ 693	39%
Hip replacements		22,573 ↑ 766	62%
Weight loss surgery		20,922 ↑ 1,519	94%
Pacemaker implant or replacement (total system)		7,780 ↑ 454	51%
Cochlear implant		843 ↑ 72	59%

Note: Increases in table above are based on Financial Year 2018 figures (latest data available) compared to the previous year.

Did you know that every year in hospitals,  
**Private Health Insurance** pays for:



**74%** of all treatments for sleep apnoea, a potentially serious sleep disorder in which breathing repeatedly stops and starts

(82% in private sector)

**75%** of all retinal procedures

(84% in private sector)



**76%** of all musculoskeletal injury, bone disease and post-surgery rehabilitation

(80% in private sector)

**65%** of all in-hospital dental extractions and restorations

(83% in private sector)



**53%** of all gastroscopies, an examination of the interior of the stomach

(65% in private sector)



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**64%** of all sinus and complex middle ear procedures  
(71% in private sector)

**62%** of all ear grommets for treating middle ear infections  
(67% in private sector)



**68%** of all knee replacements  
(73% in private sector)

**60%** of all hip replacements  
(62% in private sector)



**44%** of all gynaecological procedures (excluding births/deliveries)  
(56% in private sector)

**52%** of all tonsils and/or adenoids removals  
(60% in private sector)

