

Media Release

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

Nine quarters of membership growth confirms Australians value their private health insurance

The private health insurance sector has experienced nine consecutive quarters of membership growth and a record 14.37 million Australians now have private health cover.

This is taking the pressure off struggling public hospitals still recovering from the impact of the pandemic.

The latest APRA data confirms that during the COVID-19 pandemic, Australians increasingly turned to private health cover to access surgery and mental health treatment, with hospital treatment coverage now at a record 11.76 million, an annual increase of 2.2 percent.

“The Australian public clearly believes private health insurance is value for money, despite claims to the contrary from some powerful vested interest groups, who are inexplicably campaigning for a greater share of the cash private health funds have agreed to pay back to consumers as a result of the pandemic,” said Private Health Australia CEO Dr Rachel David.

“We’ve also seen sustained positive growth in Extras coverage with a record 14.36 million people eligible to receive benefits for dental, optical, physiotherapy and other allied health services. In the year to September 2022, health funds paid an annual record high of \$5.69 billion for Extras benefits, up 4.7 percent on the previous year. Many Australians owe their good dental health to their health fund membership.

“Health funds have paid a total of more than \$22.4 billion in claims on behalf of members for the year to September 2022, an annual increase of 2.8%. Furthermore, health funds have the highest rate of “Since the start of the pandemic, more than \$2 billion has been returned to customers through cash backs and premium deferrals in a process overseen by three regulators. Health funds are continuing to return savings accumulated as a consequence of pandemic lockdowns to members. No other health sector group made the commitment not to profit from the pandemic.”

An analysis of APRA data over the three years of the pandemic reveals the cost of overpriced generic medical devices (prostheses) has been the largest healthcare claims expenditure growth area for health funds, with a 0.8 percent increase in benefits paid for medical devices growing out of proportion to a 3.5 percent decrease in benefits paid for in-hospital medical MBS services and a 5.4 percent reduction in hospital episodes.

“The fact generic medical device claims consistently continue to grow out of proportion to the number of procedures performed in hospitals during the COVID pandemic is evidence the pricing of medical devices in Australia’s private health sector is the single largest contributor to increasing PHI premiums,” said Dr David.

“Australians are paying hugely inflated prices for generic medical devices – between 30-100 percent more than in comparable countries. The Government must prioritise medical device pricing reform. Every dollar saved by health funds as the price of devices becomes fairer between the public and private systems will be returned to members in the form of lower premiums.

“With inflation and cost of living hitting Australian families hard, the private healthcare sector must work together with government to reduce wasteful care and reign in overpricing to help keep premiums affordable and take pressure off our public hospital system.”

“Spending restraint in areas of proven low value and unacceptable high prices, will mean more money for our frontline health workers, and to help hospitals cover rising recruitment, power and food bills.”

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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.

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
www.privatehealthcareaustralia.org.au
Twitter: @PHA_Healthcare