

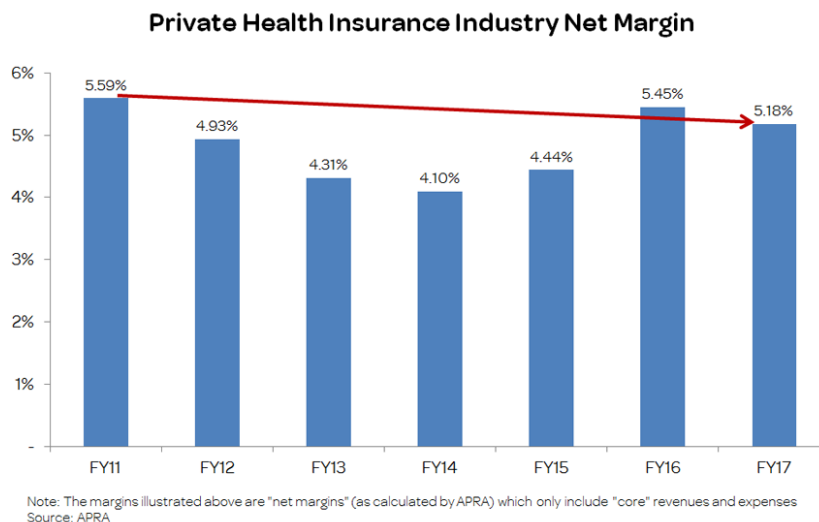
## No pot of gold in health funds

Australian health fund margins have remained stable at 4.5-6% over the last decade with funds consistently paying 86 cents in the premium dollar back to members to funds their healthcare.

Private Healthcare Australia Chief Executive, Dr Rachel David said the Leader of the Opposition's statement that "some of the biggest health insurance providers pocket a return of over 20 per cent" was misleading and painting an inaccurate picture for health consumers.

"Quoting selectively the ROE (return on equity) as a measure of health fund profits does not provide a true picture. ROE is only one financial measure reported by some funds and it is not the same as profit. While ROE can provide security to members of funds that their health cover comes from a well-run business which can manage claims risk, looking solely at ROE does not provide an indication of the benefits private health insurers deliver for their customers and the broader health system", said Dr David.

"PHA member funds operate using a variety of business models including not-for profit, private for-profit, publicly listed for-profit and combinations of the above. Regardless of the business model, health funds must be run successfully, manage risk appropriately, and abide by regulatory guidance on prudential standards. Net profit margins calculated by the industry regulator APRA confirm that margins have remained stable below 6% in recent years.



"This is a modest return when compared with other forms of insurance and significantly below the returns made by private hospital groups and medical specialist practices. There is only one reason premiums increase and that is because health funds are paying for more healthcare. There is no other explanation. There's no pot of gold for the Leader of the Opposition or for others to find in Australian health funds," said Dr David.

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 20 Australian health funds with a combined membership of 12.9 million Australians, or 96% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums affordable for our members is the number one priority of PHA members. PHA's CEO Dr Rachel David is available for interview.*

Media contact: Jen Eddy 0439240755