

Media Release

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Private Healthcare Australia
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PHI membership at all time high but inflation and overpriced medical devices threaten affordability

Following 12 consecutive quarters of sustained growth, Private Health Insurance (PHI) membership in Australia is at an all-time high. Nearly 14.6 million Australians have private health cover according to the latest APRA data.

Over the past three years, since July 2020, Australians have turned to private health cover in record numbers to access timely healthcare as the public system struggles to keep up with demand.

Access to timely mental health treatment is critical and this is one of the main drivers of growth in PHI. Mental health is now the top reason members under the age of 59 are going to hospital.

PHA CEO Dr Rachel David said “despite increasing cost of living pressure, people are prioritising access to health care. Times are tough, Australian consumers need to know we’ve got their back and health funds are doing all they can to keep premiums affordable.”

“Health funds have been working to keep premium rises well below CPI. Since the start of the pandemic \$3 billion has been returned to members to compensate for services that were reduced or unavailable as a consequence of the lockdowns.

“We do need the Federal Government to work with us so we can continue to put downward pressure on premiums. While inflation is a challenge across the economy, there are levers that can be pulled right now to address inflation in the health sector in the short term.

“The overpricing of generic medical devices is a key factor driving higher premiums. The government sets the price for generic medical devices which are 30-100% higher than in international markets”.

“It is absolutely unacceptable that Australians are being forced to pay so much more for medical devices than just about any other country in the world.”

The latest APRA data reveals in the 12 months to June 2023, health funds paid a record \$2.292B for medical device benefits – an increase of 5.6% on the previous year - and funded a record high 3.46M items.

An analysis of APRA data over the past four years shows a surge in the volume of claims for medical devices is putting pressure on premiums. During that period the number of devices funded grew by 11.6%.

The 11.6% surge in the volume of medical devices claimed over the pandemic is totally out of proportion with a 0.5% increase in hospital treatment medical services and a 2.2% increase in hospital episodes funded over the same period.

“This year, consumers were promised savings of \$90 million as an outcome of an agreement between the previous government and the multinational medical device companies. Instead, the cost of medical devices claimed per episode of care actually increased. Using this measure, there will be no savings for consumers. Furthermore, there

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 21 Australian health funds with a combined membership of over 14.2 million Australians, or 98% of the sector on membership.

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is no evidence the increased claims for medical devices have made a positive impact on patient outcomes,” said Dr David.

See table below:

	Total Hospital Episodes	Total PHI Industry Prostheses Benefits Paid (\$)	PL spend per episode (\$)
Financial Year 2021-22	4,554,772	\$2,169,875,677	\$476.40
Financial Year 2022-23	4,777,613 annual record high	\$2,292,347,181 annual record high	\$479.81

“There is no room for waste in our health sector at any time, but particularly now as people struggle to make ends meet, to manage rent, home loan repayments and other essential costs like food and heating. Many households are making serious sacrifices to ensure they have access to healthcare.

“We need government intervention to address the surge in medical device benefits as these prices are regulated by the Commonwealth. Prices should be brought in line with the public health system and comparable countries, and proper controls need to be placed on the volumes claimed.

“Health funds have committed to return every dollar saved by medical device pricing reform to their members in the form of lower premiums.”

Australian health funds paid an annual record high of over \$22.6B in hospital and extras benefits to June 2023.

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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