



Press Release

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Premiums Reflect Increase Health Costs

The annual average premium increase of 6.18% announced by the Government is necessary to ensure Private Health Funds can continue to provide members with access to quality medical treatment by covering the increasing costs of health care services.

Private Health Funds will spend more than \$18 billion on private health treatments in 2014-15 and a premium increase is required to ensure Funds remain financially viable and meet statutory prudential requirements.

In financial year 2013-2014 the benefits paid out by Funds on behalf of members totaled \$16.8 billion which was an increase on 9.1% on the previous year.

- Hospital Treatment totaled \$12.4 billion – an increase of 9.0% on the previous year;
- General Treatment Benefits totaled \$4.3 billion – an increase of 9.6% on the previous year;
- Payment for prostheses totaled \$1.7 billion -up 10.8%; and
- Payments for medical specialists totaled \$1.96 billion -up 6.9% on the previous year.

(Source: PHIAC Quarterly Reports)

Private Healthcare Australia Chief Executive, Dr Michael Armitage, said more than 13 million Australians have taken responsibility for their own health care by having private health cover and while a premium adjustment is never popular, most people understand that an increase in the benefits paid out on their behalf requires an increase in premiums.

Dr Armitage said the premium increase reflected the increasing cost of health care in Australia and an increasing demand for health services.

The private sector plays a key role in Australia's health system, with 58% of surgical procedures carried out in private hospitals. This includes chemotherapy treatment, joint replacements and other non-discretionary surgical procedures including:

- 55% of major procedures for malignant breast conditions
- 57% of hip replacements
- 60% of chemotherapy (cancer) treatments
- 64% of major joint replacements
- 71% of lens procedures
- 81% of same day mental health procedures

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