



Private health funds deliver record health benefits for members

Benefits paid by health funds on behalf of their members increased by 3.62% to reach a record \$20.4 billion in the year to September 2018.

Private Healthcare Australia Chief Executive Dr Rachel David said the latest data released by APRA demonstrated the ongoing commitment of Australian health funds to addressing the value of private health insurance for consumers.

In the September quarter, total benefits paid increased by 3.62% while premium revenue increased by 3.31%. Net margin has decreased from 5.52% to 5.18% and net profit for the year to September 2018 was \$1.41 billion, down 1.4% compared to same time in the previous year.

Dr David said health funds were consistently paying out the highest percentage of the premium back to customers of all insurance types – an average of 86c in the dollar (it has been above 85% for 15 years). This compares with 63c for general insurance.

“More than 21,000 Australians took out PHI during the September 2018 quarter (0.2% increase), increasing PHI participation from 13.547 million to 13.568 million Australians. This was reflected in total PHI policies increasing by 11,511 (0.2% increase) from 6.63 million policies to 6.64 million policies.

“The proportion of the population with PHI cover was down slightly (-0.12%) to 54.1%. However, with more than half of the Australian population committed to holding on to their health cover, the PHI industry, Government and healthcare stakeholders must continue to work together to address cost pressures.

“This year’s average premium increase (3.95%) was the lowest in 17 years. Health funds members and consumers seeking to take out health cover are concerned about rising premiums and out-of-pocket medical costs but they also understand that premiums are rising because the funds are paying for more healthcare.

“The only way to put downward pressure on premiums as utilisation goes up, is to address wasteful input costs – fraud, over servicing, inflated prices for medical devices, low value care. Private health insurance benefits all Australians by reducing pressure on the public hospital system.”

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.

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