

Media Release

2 July 2026



Private Healthcare Australia
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Private health system reforms must keep health insurance affordable

Private Healthcare Australia has welcomed the Federal Government's consultation on potential reforms to Australia's private health sector, saying the process provides an important opportunity to strengthen the long-term sustainability of the system while protecting the affordability of private health insurance.

PHA Chief Executive Dr Rachel David said the consultation paper recognised many of the challenges the sector has been highlighting, including growing pressure on Gold hospital cover and the need to better support contemporary models of care, particularly for maternity and mental health patients.

"The way healthcare is delivered has changed dramatically over the past decade, but many aspects of the regulatory framework have not kept pace," Dr David said.

"Australians increasingly expect to receive safe, high-quality care in their homes and communities where clinically appropriate, rather than always in a hospital bed. Reforms that support more home-based and community care have the potential to improve patient experience while helping manage rising healthcare costs."

Dr David said PHA looked forward to working constructively with the Government, private hospitals, clinicians and consumer groups to carefully assess the proposals.

"The consultation paper reflects many of the issues health funds have been discussing with government over recent years. We welcome the opportunity to examine these ideas in detail."

However, Dr David said every proposed reform should be tested against one fundamental question: will it help keep private health insurance affordable?

"Affordability must remain the guiding principle throughout this reform process," she said.

"Any proposal that increases premiums risks making health insurance less affordable for Australian families. If people can no longer afford private health insurance, participation falls, pressure shifts onto the public hospital system, and the sustainability of the entire private healthcare system is undermined."

"For that reason, every significant reform proposal should be supported by robust independent modelling of its likely impact on premiums before any decisions are made."

Dr David said the consultation came at a particularly sensitive time for the sector, following the Government's proposal to reduce the private health insurance rebate for Australians aged 65 and over.

"Older Australians are the group most likely to rely on their health insurance to access timely hospital care. Reducing the rebate for seniors will make cover less affordable for many people and is expected to result in tens of thousands of people dropping their cover, and hundreds of thousands downgrading their policies."

"That makes it even more important that the broader reform agenda strengthens, rather than weakens, incentives for Australians to maintain health insurance."

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 21 Australian health funds and 15 million Australians (55% of the population) who have private health insurance.

Dr David said PHA would continue to work closely with the Government and stakeholders throughout the consultation process to develop reforms that improve access to care, encourage innovation and preserve a strong, affordable private health system for future generations.