

Media Release

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Private hospitals receiving record high payments from health insurers as more people take out health cover

Private health insurers paid private hospitals a record \$12.3 billion for Australians' health care in the year to March, data released by the Australian Prudential Regulation Authority show.

The insurance pay-outs for private hospital treatment were up 7.7% compared to the previous year to March 2024. This reflects an increasing number of hospital services and rising payments to hospitals to cover their costs including staff wages.

CEO of Private Healthcare Australia Dr Rachel David said the data showed private hospitals are slowly recovering from a difficult period due to the pandemic and other complex changes affecting demand for services including workforce shortages and high fees to see specialist doctors.

"A 7.7% increase year on year is a good result for private hospitals that have had a hard time due to the pandemic and inflation. It shows Australians continue to value rapid medical treatment in a private hospital with a doctor of their choice, particularly when the public hospital system is so stretched," she said.

"Several trends have been dampening demand for private hospital care, including the high cost to see a specialist doctor in the community. Surveys show up to 20% of people are not going to specialist doctors when they have a GP referral due to cost. Health insurers can't cover consultations with specialist doctors, so we're concerned a lot of people are not getting access to private hospital care because they can't afford to pay for the first step in the process.

"Technology and changing clinical practice are also leading to shorter hospital stays and home-based care for mental health treatment, rehabilitation, chemotherapy and palliative care. This is reducing demand for overnight hospital stays so private hospitals are having to adapt their business models and services to these trends."

Dr David said more than 81,000 people signed up for hospital cover in the first three months of this year, joining 15 million Australians with health insurance. Most of these new health fund members were people aged in their 40s.

"We know a lot of people start to value health insurance and fast access to private health care in their 40s, especially people with children who want a safety net for them and their family members if they fall ill. Everyone receives value from health insurance at some point in their life."

The figures show:

- 45% of Australians have hospital cover so they can access private hospital services if they need them.
- 55% of Australians have general treatment insurance to budget for out of hospital care such as dental care, physiotherapy, and optical services.
- People with health insurance claimed for more than 5.13 million episodes of care in the year ending March 2025 – the highest number on record.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds. 15 million Australians (55% of the population) have private health insurance.

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- For every dollar paid in premiums, consumers are receiving 85 cents back for their healthcare in the year to March 2025. This is close to the 20-year average of 86%.

Despite concerns about the private hospital sector, Dr David said ongoing demand from our ageing population with more chronic disease meant hospital closures continue to be offset by more new facilities opening in Australia. For every hospital that shuts down, more than another one has been established during the past decade.

Over the past 10 years to the end of 2024, federal government data shows 143 private hospital licenses have been revoked when private hospitals closed, and 165 hospital licenses have been granted. Ramsay Health Care, the largest provider in Australia, reported a healthy profit of nearly \$900 million last year and is continuing to expand.

We are also seeing new innovative hospitals open this year, such as Adeney Private in Melbourne – Australia’s first no gap fee hospital co-owned by doctors and Amplar Health. The hospital is offering no out-of-pocket costs for surgery, with suitable patients receiving ‘pre-hab’ and rehab at home which reduces costs for the hospital and patients.

Following Healthscope hospitals entering receivership this week, Dr David said she was optimistic our private health system would be better off without Brookfield, a North American private equity firm.

“We have a good supply of private hospital services across most parts of the country, so we are confident people with hospital cover will retain access to high quality services near their homes.”

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