



Press Release

22 July 2015

Privately Insured Australians Want Quality and Safety

Private Healthcare Australia CEO, Dr Michael Armitage said Private Health Funds have a responsibility to their members to demand improved quality and safety measures in healthcare and privately insured Australians want their Fund to advocate on their behalf.

Health costs are rising, the population is aging and there is an increasing demand for the best available health services.

Premiums increased by an average of 6.18% this year, however payments made to doctors by health funds in 2015 increased by 6.9% to \$2.04 billion; payments to hospitals increased by 7.7% to \$12.8 billion; prostheses costs were up by 8.1% to \$1.8 billion and General Treatment benefits increased by 6.9%.

Private Health Funds should be encouraged to contribute to keeping health costs under control. Through involvement in primary care they can offer services to improve the healthcare of their members and ultimately reduce healthcare costs for privately insured Australians.

It is absurd that the first time a Fund might know that one of their members has diabetes is when they receive a bill for major surgery and hospital care. There are programs a Fund could make available to members to help keep them out of hospital, but under the current system, legislation prevents funds from doing what everyone regards as “sensible”.

It has nothing to do with managed care or “encroaching on the doctor-patient relationship”. That is a tired old argument being run by those who want to keep control of Australia’s health system in their own interests. Private Health Funds are not trying to “undermine and control the medical profession” (AMA President Brian Owler NPC, 23 July 2014).

Privately insured Australians want their Funds to offer additional services, to help them stay out of hospital and to assist them to navigate through a complex healthcare system where quality and safety is paramount.

Private health funds should be calling for better quality and safety standards in hospitals. Funds pay more when their members are subjected to poor care than they do for optimal care, but it is the member who suffers most in this scenario. Everyone wins in the system that demands a certain level of quality and safety.

We have a strong private and public health system in Australia but both can be improved by focusing on quality and safety issues.



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Fact Sheet - Private Health Funds Expenditure. (Source: PHIAC Quarterly Reports)

Private Health Funds spent over \$17 billion on private health treatments in 2014.

In calendar year 2014 the benefits paid out by Funds on behalf of members totaled \$17.4 billion which was an increase on 7.4% on the previous year.

- Hospital Treatment totaled \$12.8 billion – an increase of 7.7% on the previous year;
- General Treatment Benefits totaled \$4.4 billion – an increase of 6.9% on the previous year;
- Payment for prostheses totaled \$1.8 billion -up 8.1%; and
- Payments for medical specialists totaled \$2.04 billion -up 6.9% on the previous year.

Private Healthcare Australia's Annual Survey of High Claims in 2014 found that private health funds paid 247,515 claims where the benefit payment for the episode of care was more than \$10,000.

This is an increase in the number of high claims on the previous reporting year of 5.4% with benefits paid exceeding \$5.1 billion. The highest benefit paid was \$565,346 for treatment of a prematurely born infant.

Of the 247,515 claims:

- 15 cost more than \$300,000
- 47 cost more than \$200,000
- 549 cost more than \$100,000
- 8,080 cost more than \$50,000
- 14,646 cost more than \$30,000
- 32,304 cost more than \$20,000
- 152,458 cost between \$10,000 and \$20,000

The private sector plays a key role in Australia's health system, with 58% of surgical procedures carried out in private hospitals 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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