

# Media Release

27 March 2025



Private Healthcare Australia  
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## **Revealed: the states and territories where people face the highest out-of-pocket costs for private medical care**

People in the Australian Capital Territory, New South Wales and Queensland are being hit with the highest out-of-pocket fees for private medical care in Australia, new data reveals.

A report launched today, 'Reducing out-of-pocket costs for Australian healthcare consumers', shows the median out-of-pocket fee for a medical procedure in the private health system was \$240 nationwide in 2023. However, in the ACT the median was \$591. This is 146% higher than the national average. In NSW, the median out-of-pocket fee was \$279, and in Queensland it was \$258.

An analysis of this data over the past decade shows there was a 12% rise in private medical fees in 2023 following a period of much slower growth averaging 1% per year from 2014. See *Exhibit 1* below.

The spike has prompted health funds to call for additional measures to slow the trend, including more transparency of specialist doctors' fees on the federal government's Medical Costs Finder website, and a "surprise billing law" to ensure consumers are not liable for costs not properly disclosed to them before they receive medical treatment.

On Tuesday, the Albanese Government committed [\\$7 million in the federal budget](#) to upgrade the Medical Costs Finder website so consumers can see all specialist doctors' fees before proceeding with consultations. While the Coalition created the site in 2019, it has not yet matched Labor's commitment to improve it. The Medical Costs Finder website is currently voluntary for doctors, and fewer than 1% have uploaded their fees to the site.

Dr Rachel David, CEO of Private Healthcare Australia, the peak body for health funds, said the variation in out-of-pocket fees across the nation was concerning and potentially putting people off accessing medical treatment in private hospitals.

"While most hospitals and specialist doctors have agreements with private health insurers to charge 'no gap fees' or 'known gap fees' to patients receiving hospital treatment (92% of providers in FY23), some do not. When you look more closely at that 8% of providers who don't, we are seeing some big fees being charged for common procedures, particularly hip replacements, knee replacements, spinal surgery and weight loss surgery," Dr David said.

"Consumers also face 'invisible' out-of-pocket costs. These are payments not captured in official statistics. These include charges for things like 'booking fees' and 'administrative fees', a process known as 'side-billing' or 'split billing' which in many cases is illegal, although currently poorly enforced.

"We urgently need more transparency of medical billing so consumers and their GPs can see a specialist doctor's fees before choosing one, and we need to ensure consumers are provided with clear, easy to understand quotes for medical treatment so they don't get surprised by unexpected fees during or after the process.

*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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“Under no circumstances should fees be discussed with patients under duress, such as on the day of surgery, and informed financial consent should be provided well in advance of a planned procedure to give patients a chance to reflect on their decision and if unsatisfied, to choose another doctor.”

The Mandala report, commissioned by Private Healthcare Australia, found that without action to put downward pressure on private medical costs, by 2030:

- consumers will be spending \$1.6 billion on out-of-pocket medical costs in the private health system
- the cost of a hip replacement will increase by nearly \$1,000 to a median out-of-pocket cost of \$2,374
- 14% of people who need to see a specialist will delay or avoid care due to cost, which represents 1.25m people delaying or avoiding seeing a specialist in 2030. This will ultimately cost consumers and the economy more in lost productivity and public hospital costs.

Evidence from the Commonwealth Bank shows that 71% of Australians delayed or cancelled a healthcare appointment in 2023, with cost being the biggest factor. For those seeking specialist care, 28% avoided a specialist after a GP referral because of cost pressures.<sup>1</sup>

Dr David said the drivers of rising costs include inflation, a lack of price transparency, and a lack of competition between medical specialists such as surgeons and anaesthetists in some regions.

“Upgrading the Medical Costs Finder website is a great start, but we need to do more. The distribution of medical specialists is not proportional to the population within each state and territory. After a long pathway to qualify as a specialist, many choose to work in affluent areas. This leads to a concentration of specialists in areas with a higher ability to pay, further driving up costs,” she said.

“Under Australian law, health insurers are not allowed to cover specialist doctor consultations if they do not occur during a hospital admission. While some countries such as France and Canada regulate doctors’ fees, the Australian Government is prohibited by our constitution from regulating Australian doctors’ fees, which enables providers to set their own prices.”

She said while there was no relationship between how much a doctor charged and their quality of service, some people had reported out-of-pocket bills exceeding \$10,000 for common operations such as prostate removal surgery and weight loss surgery.

“I want people to know that you do not need to pay that much to get a high-quality procedure in the private hospital system. All medical specialists in Australia are highly trained, so you will receive excellent care regardless of the price.”

Dr David said she was pleased to see increasing scrutiny of out-of-pocket fees in the health system, including from independent politicians such as Senator David Pocock in the ACT.

“This is a major issue for our population. Fifty-five per cent of Australians – 15 million people – are paying for private health insurance. These people are contributing to their own healthcare and taking pressure off our stressed public hospital system. They should not be facing skyrocketing costs and unexpected bills.”

You can read the Mandala report [here](#).

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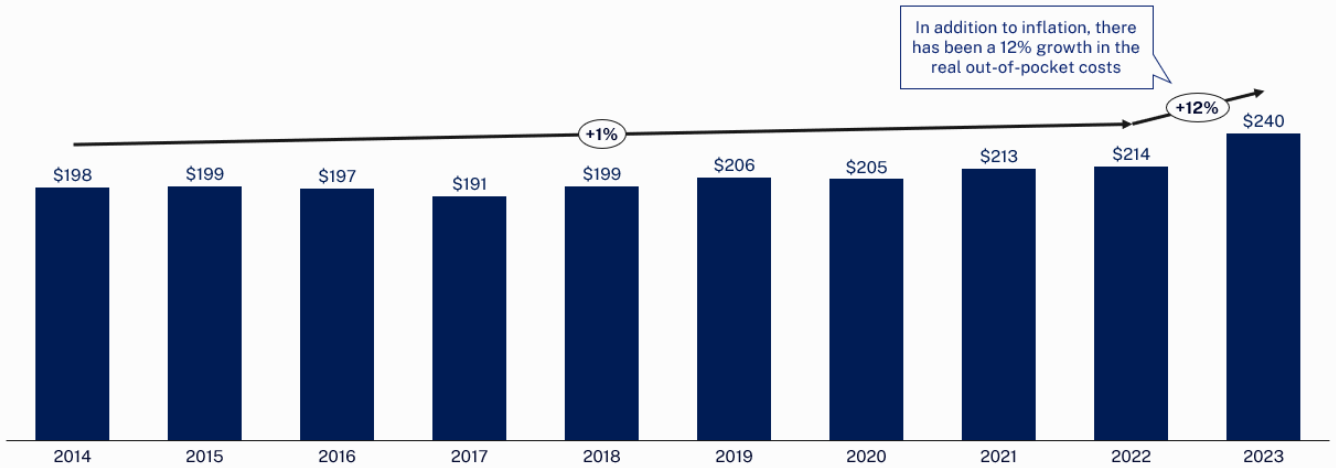
<sup>1</sup> Commonwealth Bank (2024) CommBank Patient Experience Insights 2024

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## Exhibit 1: Median out-of-pocket cost for in-hospital medical services without complication or comorbidity

### Median out-of-pocket cost for in-hospital medical services without complication or comorbidity

Median \$AU23, FY14 - FY23

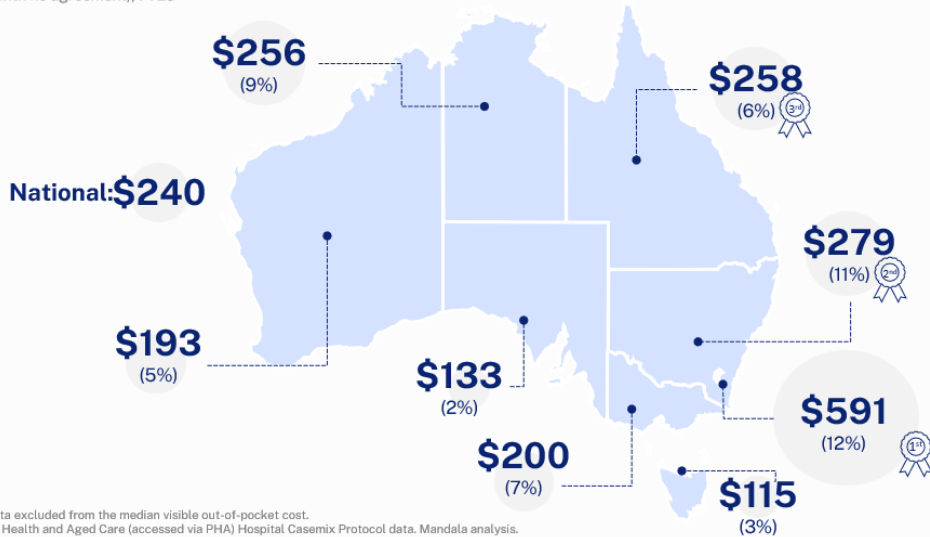


Notes: Data from public hospitals excluded.  
Source: APRA (2024) Quarterly Private Health Insurance Medical Services December 2023. Department of Health and Aged Care (accessed via PHA) Hospital Casemix Protocol data. Mandala analysis.

## Exhibit 2: Median visible out-of-pocket costs by state and territory

### Median visible out-of-pocket costs by state and territory

AUS\$ (% of services with no agreement), FY23<sup>1</sup>



Notes: Public hospital data excluded from the median visible out-of-pocket cost.  
Source: 1. Department of Health and Aged Care (accessed via PHA) Hospital Casemix Protocol data. Mandala analysis.  
2. APRA (2024) Quarterly Private Health Insurance Medical Services December 2023.

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