Media Release

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Private Healthcare Australia
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Specialist doctor fee crackdown must go beyond extreme outliers

Private Healthcare Australia has welcomed the Government's move to address excessive fees charged by specialist doctors with a range of potential measures including caps on fees and incentives to encourage more bulk billing. But PHA says the Government must go further to address the broader rise in all specialist doctors' fees, not just the extreme outliers.

The Government's new consultation paper on excessive fees confirms specialist doctors' fees are rising far faster than the price of housing, food and other services such as transport. Anaesthetists' fees have risen particularly fast since 2019 with no clear reason for the rise.

The paper says the average out-of-pocket cost for an initial specialist consultation surged 67% from $95 in 2016 to $159 in 2025 - more than twice the 32% increase in the Consumer Price Index (CPI).

In-hospital gap payments for privately insured patients also rose 72% between 2019 and 2025, with a median medical gap of $323 per episode in 2025. The paper reports more than 1.9 million Australians delayed or did not see a specialist doctor because of cost in 2024-25.

PHA CEO Dr Rachel David said health funds had been warning about this growing problem on behalf of the 15 million Australians investing in health insurance.

PHA data shows for common surgeries performed on hundreds of thousands of Australians each year, some patients are paying nothing out of pocket, while others are being charged thousands of dollars by their surgeon. For example, in 2024-25, the median fee for a knee replacement was $1,080 but 10% of patients were charged more than $5,300.

Dr David said rising specialist fees are blocking Australians from the care they need, including treatment in private hospitals.

"Survey data shows around one in three people referred to a specialist doctor are not attending due to concern about the cost. This is causing delayed diagnoses, avoidable complications and people to need invasive, expensive hospital care that could have been prevented. It's a massive problem that needs to be urgently addressed," she said.

The Government's data shows hundreds of thousands of patients are getting charged excessive fees more than five times the median price. For example, in 2025:

- More than 450,000 (1.1%) in-hospital specialist services were charged with fees between 3 and 5 times the median total fee charged, and more than 260,000 (0.7%) were charged with fees more than 5 times the median.

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

- More than 1.6 million (0.7%) out-of-hospital specialist services were charged with fees between 3 and 5 times the median total fee charged, and more than 220,000 (0.1%) were charged with fees more than 5 times the median.

The Government is seeking views on a range of possible interventions, including:

- Capping fees for individual Medicare items using benchmarks such as the MBS Schedule Fee, median fee or top fee percentiles.
- Offering incentives for specialists to bulk bill or charge lower out-of-pocket fees.
- Publishing the point at which a fee is considered excessive, identifying providers who regularly charge excessive fees, and strengthening informed financial consent.
- Sending targeted 'nudge' letters to high-fee providers showing how their charges compare with their peers.
- Referring potentially excessive billing to independent peer assessment, with consequences where fees are found to be unreasonable.
- Reviewing a provider's average billing over a year and applying sanctions where charging is routinely excessive.

"All of these options deserve serious consideration, with safeguards to ensure patients are never punished through the loss of their Medicare benefit and to prevent fee caps becoming price targets," Dr David said.

"But the Government should not stop at the most extreme outliers. Excessive fees are the sharpest edge of a much broader affordability problem: specialist fees and gaps across the market have been creeping up much faster than inflation for years.

"Private health insurance cannot protect patients from every medical bill. Health funds are legally limited in what they can cover outside hospital, and no-gap and known-gap arrangements depend on doctors choosing to participate. When specialists charge well above those arrangements, the extra cost falls directly on patients."

"If Australians cannot afford the specialist consultation, diagnostic work or medical gap needed to access private treatment, they may delay care or fall back on already stretched public hospitals. That undermines the value of health cover and adds pressure across the entire health system."

"The next phase of reform must address the broader inflation in specialist fees, strengthen upfront disclosure of all likely costs, make meaningful fee comparisons easy for patients and give GPs better information to support affordable referrals."

PHA will engage constructively with the consultation and continue advocating for reforms that protect patients, reward reasonably priced care and preserve clinical choice.

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