Media Release

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Private Healthcare Australia
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Tens of thousands of people with health insurance are receiving 'shock bills' from NSW public hospitals

NSW residents with private health insurance are being hit with excessive out-of-pocket costs for opting to use their insurance in a public hospital. In some cases, these bills are exceeding $10,000.

Private Healthcare Australia's (PHA) analysis of billing records for 193,666 hospital admissions in 2022-23 reveals at least 36% of 'private patients' treated in NSW public hospitals received a bill for out-of-pocket charges.

The figures reveal hundreds of patients paid more than $1,000 and some charges exceeded $10,000.

Most out-of-pocket bills were for medical services provided by doctors. When someone opts to use their health insurance in a public hospital, NSW promises not to charge for 'staff specialists', however doctors can legally charge as a private specialist, so many do.

Patients can be charged for diagnostic services by doctors they have never seen, never met and did not choose. A small number of patients were charged an out-of-pocket cost for their hospital accommodation, a violation of NSW Health policy.

PHA CEO Dr Rachel David said patients often receive the same services they would as a public patient without health insurance but find themselves thousands of dollars out-of-pocket because they ticked a box to use their health insurance. Sometimes these patients are signing documents when they're very ill, raising ethical concerns about their ability to consent.

"It's concerning that more than a third of NSW private patients in public hospitals are paying out-of-pocket costs. The process used by NSW Health to provide informed financial consent is fundamentally flawed, at the very least confusing and potentially misleading," she said.

Australian Institute of Health and Welfare data shows NSW is filling its public hospitals with more private patients than any other state, despite having the longest elective surgery waiting times for public patients in Australia.

Dr David said this equates to one in five public hospital beds in NSW being occupied by people with health insurance, or nearly 4000 public hospital beds – the combined capacity of the state's four largest hospitals: Royal Prince Alfred, Westmead, Liverpool and John Hunter hospitals.

She said the NSW Government's plan to charge more than the Commonwealth rate for 'private patients' in public hospitals would likely increase this figure even more, amounting to privatisation of the NSW public hospital system by stealth.

"Our health system was built on the principles of universal, free access to healthcare for all, and this includes treatment in public hospitals. We all pay taxes for this," she said.

"Everyone should be treated equally in a public hospital. Charging private patients out-of-pocket fees for the same services provided to public patients is unfair and should not be happening.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds. 14.8 million Australians (55% of the population) have private health insurance.

Media contact: Julia Medew
M: 0402 011 438

Private Healthcare Australia
Suite 1702, Level 17, Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

T: (+61) 2 6202 1000
E: admin@pha.org.au
www.privatehealthcareaustralia.org.au
X: @PHA_Healthcare

"In a cost-of-living crisis, with so many people doing it tough, it's shocking that private patients are being slugged to fill the coffers of NSW Health."

NSW Health must immediately update its admission information provided to patients to ensure it is clear and accurate. Proper informed financial consent should give patients one of three options to consider when making their choice to become a private patient:

- They will not be charged any out-of-pocket costs,
- The hospital cannot guarantee they will not be charged out of pocket costs, or
- They will be charged out of pocket costs, and the full amount of those costs.

If NSW Health fails to provide proper and accurate informed financial consent for patients, health funds may require NSW hospitals to adopt their own, simpler, conditions for recognising private patient elections before providing rebates."

It is not reasonable for the NSW Government to charge patients out-of-pocket costs in public hospitals without express, written consent beforehand about the full amount of those costs.

In its 2024-25 Budget, the NSW Government said it would raise $490 million by slugging health funds and people with private health insurance. It is planning to do this by either introducing a tax hike for 46% of the NSW population with health insurance ($3-5 per week for every health insurance policy), or bullying health funds into paying double the Commonwealth Government's price for a single room in a public hospital. This would be charged when an insured patient is admitted to a public hospital for care.

Background

Every Australian has the right to be treated as a private patient in a public hospital. Patients may opt to do this for choice of doctor or a single room if there's one available, but they should not be coerced into doing so.

Free public hospital care is a fundamental tenet of Medicare. However, there is a well-established practice in the public system to 'encourage' patients to use their insurance in public hospitals to boost government revenue.

Public hospitals across NSW make promises not to charge patients electing to be treated privately for "hospital generated accounts", nominating accommodation, devices, diagnostics and staff specialists. There is no guarantee that other charges won't be levied, and they often are.

There has been growing concern about the trend to increase private patient admissions in public hospitals. This practice was called out in the mid term review of the National Healthcare Reform Agreements conducted by Rosemary Huxtable last year. She said:

Some LHNs [local health networks] see private health insurance (PHI) income as an important source of own source revenue, potentially at the expense of public patient admissions. Instances were noted of patients feeling pressured to use their private insurance following an admission from the ED and/or public hospital stay, and then facing out-of-pocket costs. The extent of those costs was not always clear at the point of private patient election.

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