

# Media Release

19 December 2023



Private Healthcare Australia  
Better Cover. Better Access. Better Care.

## **Health insurance premiums must rise to cover inflation and soaring use of hospital services**

Inflation and soaring use of private healthcare will affect the cost of health insurance over the next year, but health funds are doing everything they can to keep premiums as low as possible for Australians.

Private Healthcare Australia CEO Dr Rachel David said health funds' submissions to Government to increase health insurance premiums for 2024 reflect inflation, record claims over the past year, and essential costs such as IT upgrades to combat the ever-growing threat of cyber-attacks.

"The cost of medical and hospital services increased 5.9% this year and there's been a 9.6% surge in hospital admissions funded by insurers. This is putting pressure on premiums," she said.

"Inflation is hitting the health sector hard. Hospitals are struggling with the rising costs of recruitment, power and food and this flows through to health funds. Every week, hospital groups are asking major health funds for additional funding beyond their agreed contracts to chase inflation."

Dr David said any approved premium rise for 2024 is likely to fall well short of other types of insurance, such as home and car insurance, which jumped 14% this year, and electricity, up 13%. Health insurance continues to deliver high value for members, with 86 cents in every dollar spent on premiums going back to members in benefits paid for their healthcare. This is higher than any other form of insurance.

"Health funds are working closely with the Federal Government to keep health insurance premiums as low as possible in 2024. We know many Australians are doing it very tough right now."

"Many funds are still providing cash backs and deferred premiums for their members as part of their promise not to profit from lower claims during the pandemic. This month, the [Australian Competition and Consumer Commission](#) confirmed funds were on track to return \$4.3 billion to their members – more than the permanent claims savings of \$4.1 billion across the sector."

The inflated price of generic medical devices in Australia due to the Government's 'Prescribed List' is also driving up premiums as surgical claims return to pre-pandemic levels.

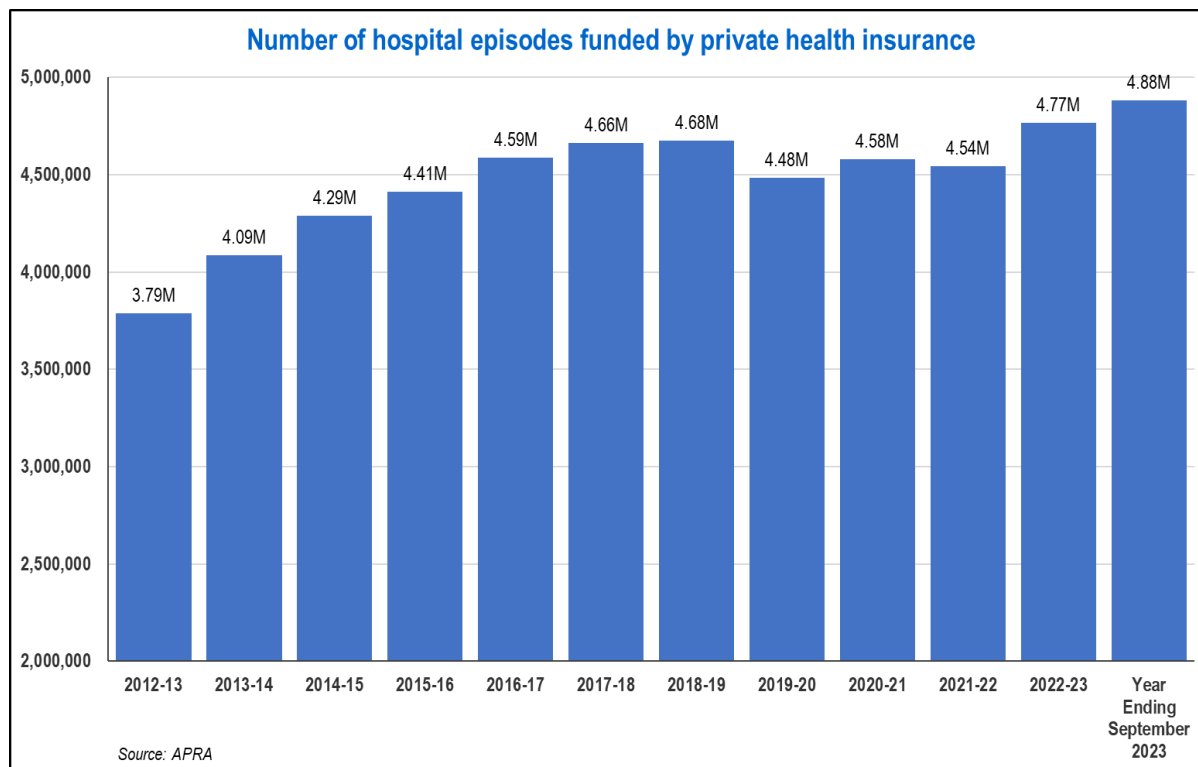
"Australians are paying the highest prices in the world for medical devices due to an outdated price setting arrangement with multinational medtech companies. We are paying 30 - 100% more for common medical devices such as insulin pumps compared to people in New Zealand, the United Kingdom, France and South Africa," said Dr David.

"We are working hard with the Government to ensure these costs are slashed for consumers in 2024. Every dollar saved by pricing reform will be returned to health fund members in the form of lower premiums."

"The Federal Government, the Department of Health, and the Australian Prudential Regulation Authority are rightly subjecting health fund pricing to detailed scrutiny and negotiating to get premiums as low as possible. We do however need all health sector providers to pull in the same direction if we are to maximise value for consumers. We need to reduce low value care that can harm consumers, stop unnecessary use of medical devices and surgical supplies, and create more transparency around expenses."

While health insurance membership is at record levels, so too are the claims being paid on behalf of members. Both hospital and extras claims have skyrocketed back this year to exceed pre-pandemic levels. (See graphs below.) In the year to September 30 health funds paid a record \$23.3 billion in claims benefits on behalf of members – 10% more than the previous year.

Since the start of the pandemic, more than one million people have joined a health fund to help them access healthcare where and when they need it. Fifty-five per cent of Australians now have health insurance.



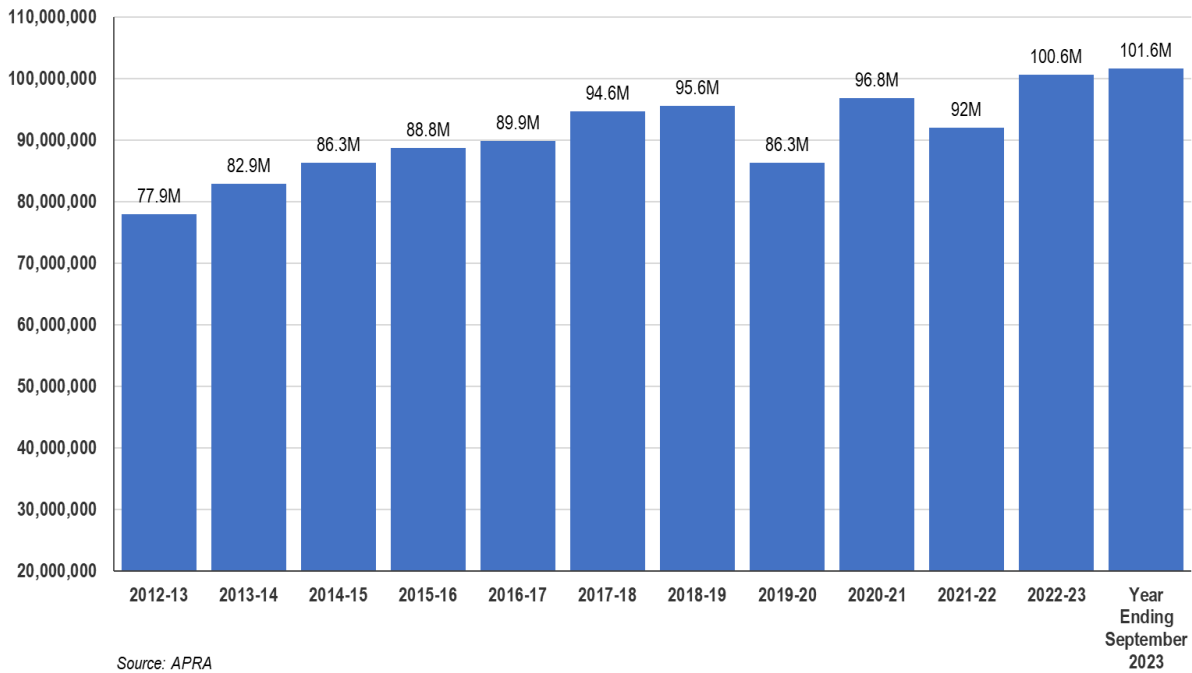
Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 21 Australian health funds with a combined membership of over 14 million Australians, or 98% of the sector on membership.

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### Number of 'extras' services such as dental, optical and physiotherapy, funded by private health insurance



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