

Media Release

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

Medicare has served us well but it's time for a mid-life health check.

The introduction of Medicare forty years ago marked a turning point in Australian healthcare. Australia's dual public-private health system has enabled better access to, and affordability for healthcare for millions of Australians. Supported by a strong private sector, Australia's health system has delivered world class health outcomes.

Private Healthcare Australia CEO Dr Rachel David said a successful universal health scheme requires a strong and vibrant private scheme to increase funding for healthcare, promote equity, provide choice and ensure that the most vulnerable Australians are able to access care.

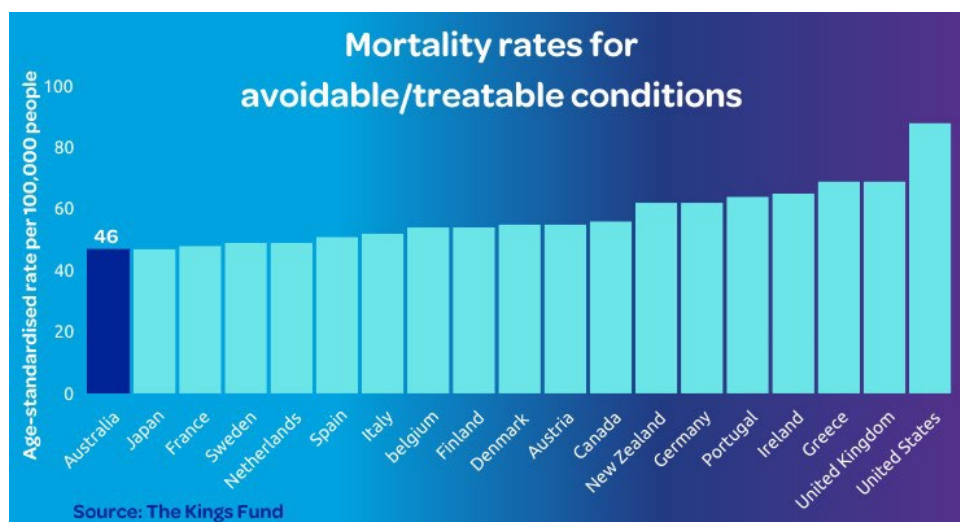
Private health insurance was intentionally included in the design of Medicare. Former Health Minister Dr Neal Blewett told Parliament in 1984 that "there will be substantial opportunities for the private funds to supplement the public fund with forms of hospital cover and to provide a wide range of ancillary covers." Prime Minister Bob Hawke later [endorsed the private system](#) as a "fundamental and essential part of our health care system".

"Millions of Australians have embraced the private system, which complements Medicare as a vital component of Australia's health system over the past 40 years. It plays an important role for policy holders and the community more broadly, by freeing up the public system for those who need it most."

Private health insurance membership is at a record high and 14.7 million Australians (55 percent) have some form of health insurance. Private hospitals perform 60 percent of elective surgery in Australia and 55 percent of mental health hospital admissions.

"It is this balance between public and private that has contributed to the success of Medicare. In contrast, the United Kingdom (mostly publicly funded) and United States (mostly privately funded) are at extreme ends of the spectrum and both plagued by ongoing healthcare crises."

A 2023 review of mortality rates for avoidable or treatable conditions (a key indicator of health system performance) by [The Kings Fund](#) ranks Australia the best in the world. The UK and US were the worst performers in a league table with comparable economies.



Forty years on, Australia still has one of the best health systems in the world - but Medicare is due for its mid-life health check. Australia's healthcare needs and treatment options have changed since the advent of Medicare, and the health system must keep pace.

Australians born in 2024 can expect to live almost a decade longer than those born in 1984. When Medicare was introduced the population's combined life expectancy was 75 years, in 2024 it's 84 years.

"The combination of an ageing population, rise in chronic disease, medical workforce challenges, cost of medicines and medical devices, and skyrocketing health inflation has put pressure on our health system.

"The Albanese Government should be applauded for introducing measures to modernise Medicare including urgent care centres, the tripling of the bulk-billing incentive to encourage more free GP services, and the 60-day dispensing rule to reduce the cost of medicines.

"But with health expenditure rising unsustainably and cost of living hitting hard, more needs to be done to reduce unnecessary costs and keep our health sustainable."

Key areas for reform:

- Stamp out fraud through continuous monitoring of bulk-billing rates and out of pocket costs.
- Increase payments for GPs to include health fund contributions, so GP clinics can expand their services and keep more people out of hospital.
- Incentivise out-of-hospital care options and shorter hospital stays so more people can receive services in the comfort of their homes.
- Eliminate 'low value care' such as surgery for chronic back pain, which is rarely required and usually ineffective.
- Implement a national procurement strategy to drive down the cost of generic medical implants and surgical supplies in the private system. Australians are paying the highest prices in the world for medical devices due to an outdated price setting arrangement with multinational medical technology companies.

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Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 21 Australian health funds. 14.7 million Australians (55% of the population) have private health insurance.

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