



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



Private Health Funds to pay \$15.5 billion in benefits in 2012-13

8 February 2013

Private Health Funds are forecast to inject an additional \$1.3 billion into Australia's health care system in 2012-13, bringing total expenditure on private health treatments to more than \$15.5 billion.

Health Minister Tanya Plibersek today announced an average premium increase of 5.6 per cent reflecting the increasing cost of health care in Australia.

More than 12.4 million Australians have private health cover and most people understand that increasing medical costs and a subsequent increase in the benefits paid out on their behalf, requires an increase in premiums.

The private sector plays a key role in Australia's health system, with 57% of all surgical procedures carried out in Australia being performed in private hospitals, including:

- 55% of major procedures for malignant breast conditions
- 57% of hip replacements
- 60% of chemotherapy (cancer) treatments
- 65% of major joint replacements; and
- 71% of lens procedures
- 81% of same day mental health procedures.

(Source: AIHW Hospital Statistics)

The benefits paid out on behalf of their members by Private Health Funds during 2011/2012 totalled \$14.2 billion, which was an increase of 9.3% on the previous 12 months.

During 2011/12 the benefits paid on behalf of members included:

- Hospital Treatment totalled \$10.6 billion – increase of 9.3% on the previous year;
- General Treatment Benefits totalled \$3.51 billion – increase 8.9% on the previous year;
- Payments for prostheses totalled \$1.48 billion - up 7.5%; and
- Payments for medical specialists totalled \$1.7 billion - up 9.9% on the previous year.

(Source: PHIAC Quarterly Reports)

Private Healthcare Australia CEO Dr Michael Armitage says the premium increase is necessary to ensure funds remain financially viable; meet statutory prudential requirements; and, most importantly continue to provide members with access to quality health care.

However there is no doubt that the introduction of Government policies which are negative to the private health insurance industry will always cause prices to be higher than they would otherwise need to be.