



Press Release

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Australian consumers back private health during COVID-19, as public hospital waiting times soar

CEO of Private Healthcare Australia, Dr Rachel David, said the increase in private health fund membership in the December quarter has demonstrated consumers have positively assessed the value of private health in the wake of the COVID-19 pandemic. As public hospital waiting lists are blowing out, an additional 34,801 insured persons joined hospital treatment cover and 56,419 insured persons took out general treatment cover over the December 2020 quarter.

The flexible options introduced by the private health insurance industry during the COVID-19 pandemic, including telehealth and hospital services provided in the home, have further enhanced the value proposition. Health funds acted quickly during COVID-19 to ensure members could continue to get value from their private health insurance by funding telehealth across a broad range of general treatment areas and offering a range of financial support measures to members impacted by the pandemic.

In the year to December 2020, health funds paid \$22.15 billion in benefits on behalf of their members, according to the latest APRA statistics. For every premium dollar, health funds have on average returned 89 cents to consumers in the form of healthcare benefits payments or claims reimbursements.

The latest data from Private Healthcare Australia confirms Australians are using their private health insurance for general treatment/ancillary health services at pre-COVID-19 levels.

For the year ending December 2020 (compared to the year ending December 2019):

- Overall allied health service rebates were at 94%
- Chiropractic rebates were at 99%
- Podiatry rebates were at 98%
- Osteopathic rebates were at 97%
- Physiotherapy rebates were at 96%
- Optical rebates were at 95%
- Dental rebates were at 93%

Dr David said maintaining the balance of Australia's private/public healthcare system was critical in the current environment. 13.8 million Australians choose to have private health insurance for the choice and peace of mind it provides. This is especially true now as public hospital wait lists blow out to over 1.5 years for common elective procedures, with some media reports suggesting a staggering '10-year wait' for some procedures in the public sector.



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“Pressure on our health system is increasing as the needs of a large baby boom population grow, and demand for inpatient mental health services escalates. Private health cover must be more affordable for Australian consumers to maintain balance in our system. Despite the efforts of health funds, premiums continue to rise due to outdated regulation putting upward pressure on health costs.”

Private Health Australia’s Budget submission outlines four key areas where savings of over \$1billion can be made:

- Reforming prostheses funding (up to \$500 million per annum)
- Reforming second tier default benefits (up to \$200 million per annum)
- Removing unwarranted and outdated regulation (up to \$445 million)
- Increasing the Medicare Levy Surcharge (\$164 million)

Reforming the funding of medical devices is the key to delivering savings to Australian consumers and protecting the future of our healthcare system, confirmed yet again by the latest APRA statistics.

“It was deeply disappointing to see the benefits growth in medical device (prostheses) claims at 3.9 per cent outstrip claims for medical services at 3 per cent over the quarter, despite the best efforts of the Australian Government and the health funds to rein this in. This is further evidence the government needs to take urgent action to reform the Commonwealth Prostheses List in this year’s Federal Budget. This government list regulates the price health funds must pay for over 11,000 medical devices regardless of quality, efficacy, efficiency or safety., and is a major driver of unnecessary inflation in medical costs and premiums,” Dr David said.

Private Healthcare Australia has given the government a **blueprint for reforming prostheses funding** in Australia, which redistributes excessive profits from Big Medtech multinationals to Australian doctors, Australian hospitals and Australian families. *Health funds have committed to passing on savings to consumers as a reduction in premiums.*

Combined with the gradual restoration of the private health insurance rebate to 30 per cent for low-income families, (it has been eroded to less than 25 per cent) consumers can be confident the future of Australia’s world class health system is secure.

APRA data for the December quarter contains a concerning 13 per cent increase in out-of-pocket costs for hospital episodes (compared to the same quarter for the previous year), which seems to be inconsistent with the health sector’s approach to supporting patients during COVID-19. While some consumers may choose a specialist with high out-of-pocket costs based on expertise and experience, they should be fully informed of any gap charges in advance of their surgery and be made aware they have the choice to seek out an equally qualified but cheaper doctor. The Federal Government’s Medical Costs Finder website (<https://www.health.gov.au/resources/apps-and-tools/medical-costs-finder/medical-costs-finder#/choose-hospital-option>) should help consumers make an informed decision.

Private Healthcare Australia is calling on the Australian Government prioritise policy reforms that will maximise public value for consumers so health funds can begin to offer premium relief to Australian families as soon as possible.



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Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 24 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership.

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