Private Healthcare Australia (PHA) says the Opposition’s proposed Productivity Commission (PC) Inquiry into the private health insurance industry must consider the impact of rising input costs in the private healthcare sector.

“PHA fully supports a PC inquiry into private health. The industry is absolutely committed to Medicare, our universal health system and to maintaining the balance between our public and private sectors. 13.5 million Australians have private health insurance, and most greatly value the timely access to planned surgery, mental health and dental care it guarantees. Our research shows premium affordability and uncertain medical out-of-pocket costs are of concern to health fund members, half of whom have taxable incomes under $50,000 per annum. Many of these are full pensioners and superannuants who are making considerable sacrifices to maintain their health insurance,” said PHA CEO Dr David.

“The reason premiums increase is because health funds are paying for more health care. This is an issue for the whole health system as the baby-boomer population reaches the age where more surgery and dental care is required, and the cost of technology continues to increase. The only way to put downward pressure on premiums as utilisation goes up, is to address wasteful input costs – fraud and over-servicing, gaming of the system by State governments pushing private patients through public hospitals, and inflated prices for medical devices.

“PHA has released a 7-point plan to guarantee cost-effectiveness of medical devices, so all Australian’s can get access to high quality, safe and affordable medical implants.

“The private sector plays a crucial key role in Australia’s health system, performing almost two-thirds of non-emergency surgery in Australia. 60% of all surgical procedures carried out in Australia are performed in private hospitals each year. Private Health Insurance (PHI) pays for 70% of all same day mental health treatment and 51% of all mental health admissions, 60% of all joint replacements and 62% of all chemotherapy treatments in Australian hospitals.

“Last year alone, 42 million dental services were subsidised by health funds, compared with 1.7 million service services provided by Australian governments.

“The latest APRA report shows that net profit margins for the PHI industry continue to remain steady at 5.3%, a modest return when compared with other forms of insurance. Health fund profit margins have remained stable over the last decade running between 4.5 and 6%, and Management Expense Ratios have greatly declined over this time from 13% to 8.9%.

“Health funds are committed to keeping premiums as low as possible for members and recognise the importance of working with hospitals, specialist health professionals and medical suppliers to establish premiums at a level which ensures members’ care can be funded if and when it is needed. It is important to acknowledge however, the funds only have some of the levers required to manage costs. To continue to deliver high quality and affordable private health care the industry will require the cooperation of all stakeholders, including Australian governments,” said Dr David.

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 20 Australian health funds with a combined membership of 12.9 million Australians, or 96% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums affordable for our members is the number one priority of PHA members.

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