

Private Healthcare Australia

Better Cover. Better Access. Better Care.



The changing face of private health insurance

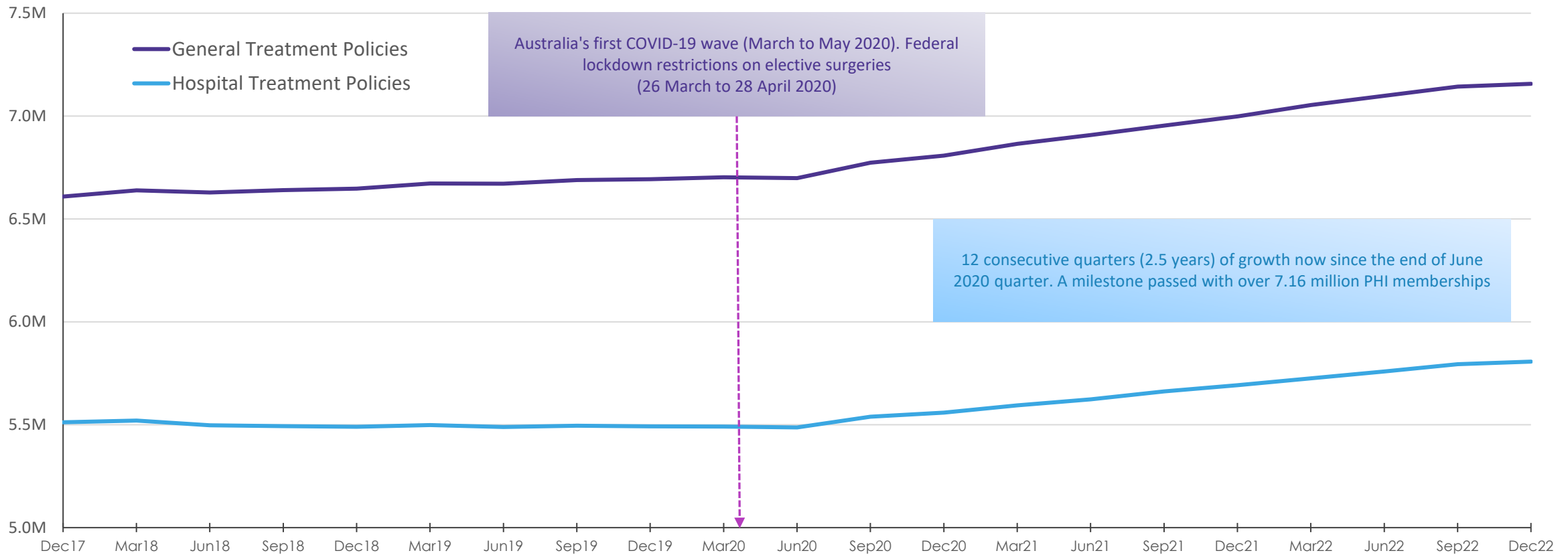
Health Insurance Summit 2023

June 2023

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body that currently has 21 registered health funds throughout Australia and collectively represents 98% of people covered by private health insurance. PHA member funds today provide healthcare benefits for nearly 14.2 million Australians.



Private Health Insurance Membership Trends over the last 5 years



Cost-of-living pressure and interest rate hikes have been at the centre of media attention

Australian households tighten their wallets as cost of living bites, says ANZ

The Australian, 16 June 2023

Official interest rates rise above 4 per cent as RBA hikes again

ABC News, 6 June 2023

Inflation 'went up again' despite Labor's claims that it had 'already peaked'

The Advertiser, 31 May 2023

Soaring cost of power bills a shocker for small business

The Australian, 25 May 2022

Power bills to spike in cost of living crisis

SMH, 25 May 2022

We needed cost-of-living relief. Did we get it?

SMH, 9 May 2023

Priced out: how Australians are being hit by the soaring cost of food

The Guardian, 1 May 2023

Are we expecting an interest rate hike or hold by the RBA?

ABC News, 29 April 2023

From high inflation to the housing crisis and a possible recession, Australia's economic problems need meaningful solutions

ABC News, 15 April 2023

Full impact of interest rate rises yet to be 'felt'

The Advertiser, 31 March 2023

Australian inflation rate soars

Forbes Australia, 29 March 2023

Australians losing sleep over cost of living crisis

The Western Australia, 16 March 2023

Workforce shortages, elective surgery blowouts and M&A dominate post-Covid headlines

Victoria dangles big cash carrots to lure foreign healthcare workers

SMH, April 28 2022

Doctor availability in regional Australia limited by declining workforce

ABC, 29 April 2022

Central Coast doctor shortage: Practice GM labels it “catastrophic”

Daily Telegraph, 2 May 2022

Elective surgeries may soon be delayed due to staff shortages, Victorian hospital body says

Guardian, 9 April 2022

Emergency wait times blow out, almost 11,000 patients overdue for elective surgery

SMH, March 16 2022

Overdue elective surgeries to triple after pandemic backlog, analysis shows

SMH, April 7 2022

Dental waiting lists hit 100,000 with 15-month delay for appointment

SMH, April 24 2022

WA COVID update: Alarming figures reveal full extent of elective surgery waiting list blowout

West Australian, 27 January 2022

Barbarians at the gate or global experts at work?

AFR, April 29 2022

How Ramsay Health Care went from market darling to PE target

AFR, 20 April 2022

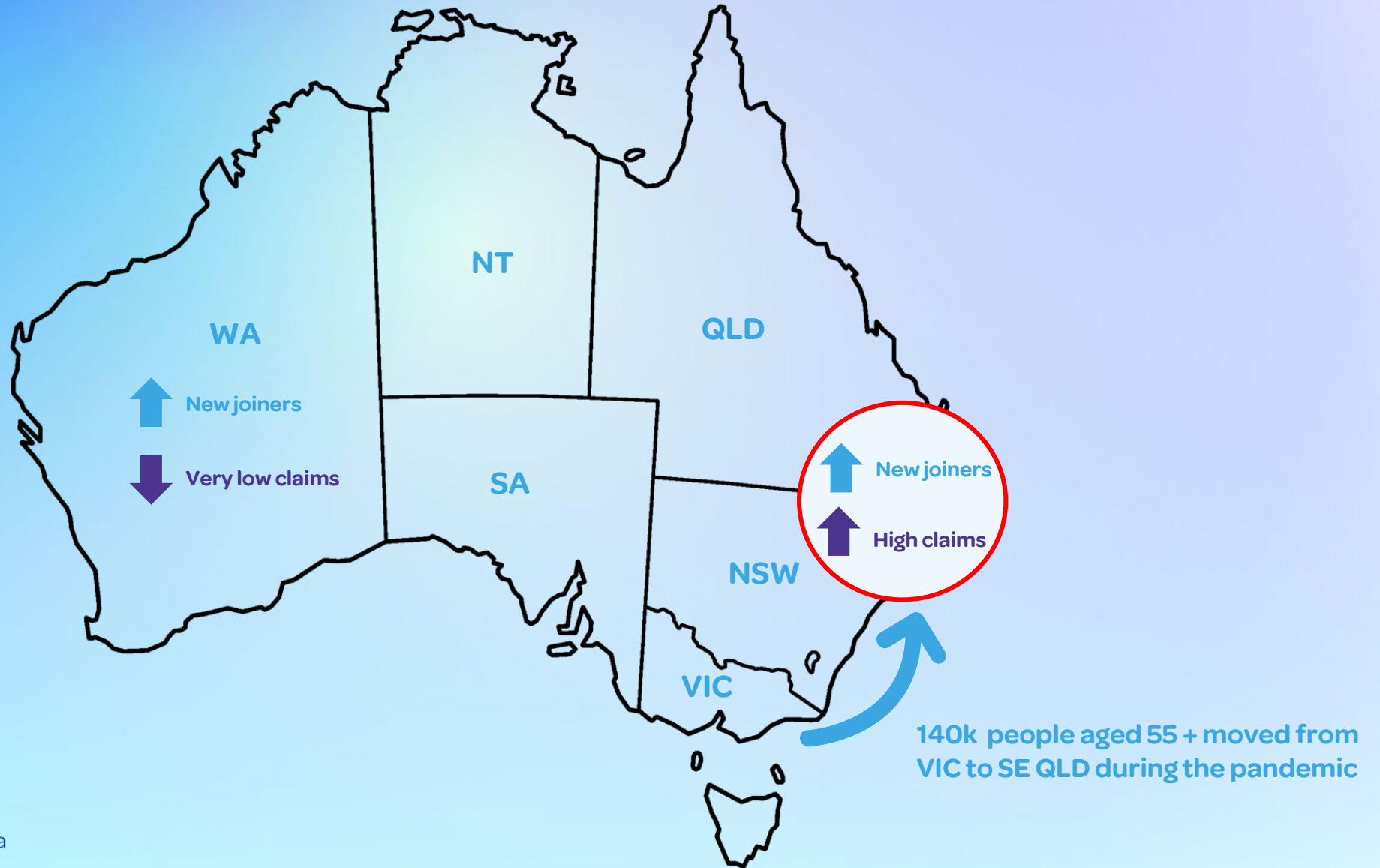
Ramsay Health Care takeover no flash in the pan

SMH, April 26 2022

KKR-Led Group Offers to Buy Australia’s Ramsay Health Care for Roughly \$14.9 Billion

Wall Street Journal, 20 April 2022

Who is driving the uptake? Will they 'hit and run'?



Expanding PHI's base requires deep understanding of demographic trends, including youth demand for mental health services...



Retirees



Millennial MLS avoiders and on family policies to 31



Professional mums



Aspirational skilled migrants



NHS refugees



1 in 10 claims for people under 30 are for mental health care

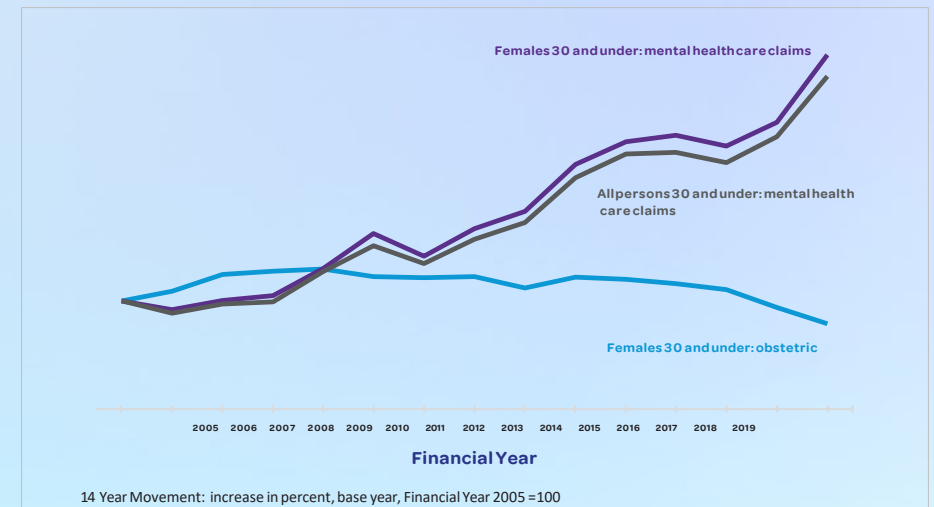


It is the most common reason women under 30 claim



Second most common reason men under 30 claim

Growth in obstetric versus mental health care hospital claims





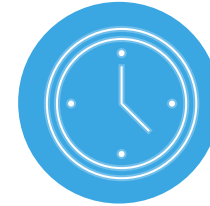
New joiners

New joiners are more likely to be **male**, **aged 25-34**, in **full time work**. They are more likely to vote for progressive parties. **Greens** voters over-represented.



Home-owners

New joiners tend to live in higher income households in **inner cities**. They are more likely to **own their own home**, but the number of renters is higher in this cohort than we have seen previously.



Looking to reduce waiting times

Key reasons new joiners took out private cover were shorter **waiting times** (54%), greater certainty on **cost of treatment** (46%) and better **quality private care** (46%), as well as being able to **choose place** of treatment.



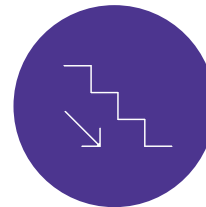
Cost of living keeps new joiners away

Cost of living was the main **impediment** to taking out or retaining health cover



Cover cancellations

The majority of new joiners will **keep their health cover**, however the small minority who intend to **cancel** are likely to be **younger and on low incomes**



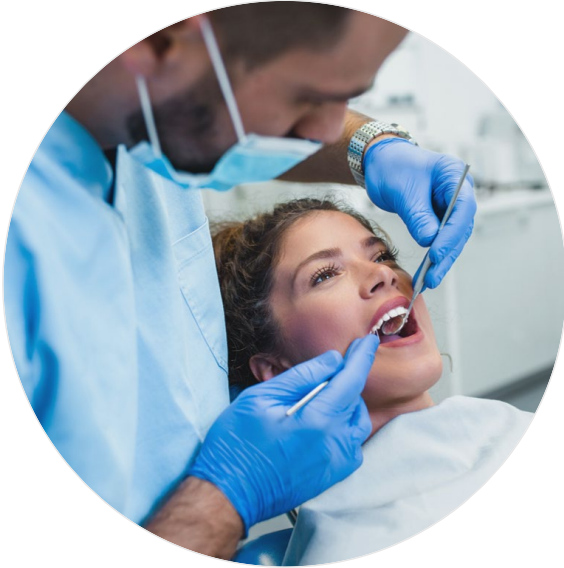
Considering vs taking out health cover

Of the group who **considered** taking out health cover since January 2020, just **under half** say they will **probably do so** in the next 12 months



Price of PHI vs public health

The major barrier to taking up and maintaining private health insurance, according to respondents, is **the cost**. They believe that the premiums are **too expensive, continually increasing**, while the **public system remains free**



Under 40s

Extras claims dominate, driven by **dental**. Hospital claims are first and foremost for **mental health care**



55+

Surprisingly **private cancer care** is surging as a driver in spite of out of pocket costs, orthopaedic surgery



80+

Cardiac care



Cost of living and premium affordability

Health cost **inflation** above historical levels – highly contested funding pool

The **mental ill-health** and **addiction** tsunami

Challenging **demographics** for community rating

Workforce constraints

Over-regulation constraining value

Sovereign risk and **regulatory inconsistency**



Premium increases over the last two years have been 2.7% & 2.9% respectively – well **below inflation**

Health funds promised not to profiteer from pandemic lockdowns and have paid over **\$3.2 billion back to members**, as well as most deferring planned premium increases

This will not last – workforce constraints, recruitment costs, power and food costs are impacting hospitals



Members get **fast access to care** without joining a waiting list

Keep a **lid on premium increases** by removing unnecessary costs – fraud, waste, abuse, management expenses

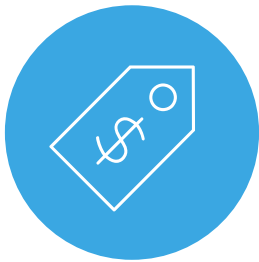
Members get access to **fully-trained health professionals** who take full responsibility for their care

Advocate on behalf of members for best quality, convenience and value for money

Minimise **out-of-pocket costs** for members

Prevention and **wellness**

Focus on meeting consumer needs across different life stages



Affordable – no surprises



High-quality **and evidence-based** care rewarded



Timing of care to fit in with consumer



Accessible beyond hospital gate



Tailored to individual circumstances



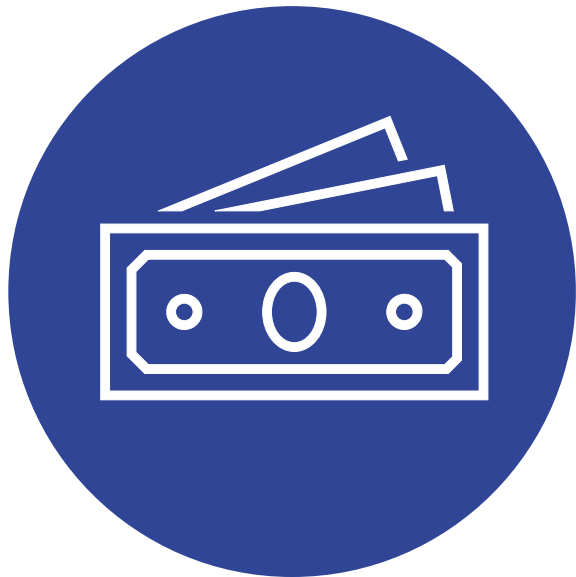
Well **co-ordinated**, end-to-end care



Primary, secondary **prevention** and **wellness**



Private centres of **excellence**



Continued laser focus on **fair pricing of medical devices** and implants to global market prices ([report](#))

'Line of best fit' through government review findings to benefit cost to consumer

Push for legislation to eliminate **'surprise billing'**

Compliance activities to eliminate fraud, waste, abuse and low value care. Focus on back pain treatments

Work with government on **tightening rules** for inflationary **early release of superannuation**

Is there more we can do? – health literacy, transparency on cost and quality

Why is *convenience* a dirty word in healthcare?

Advances in technology and rapidly evolving consumer expectations drive flexible, contemporary, home focussed and virtual care models



Prevention and wellness

new weight loss models, changes to screening, longevity



Urgent care and triage



Mental health and substance use disorder

short stay models for eating disorders and alcohol use, emerging medications



Short stay surgery

arthroplasty, general surgery



Chronic disease management in the home and community



Acute care at home

infusions, chemo, dialysis wound care

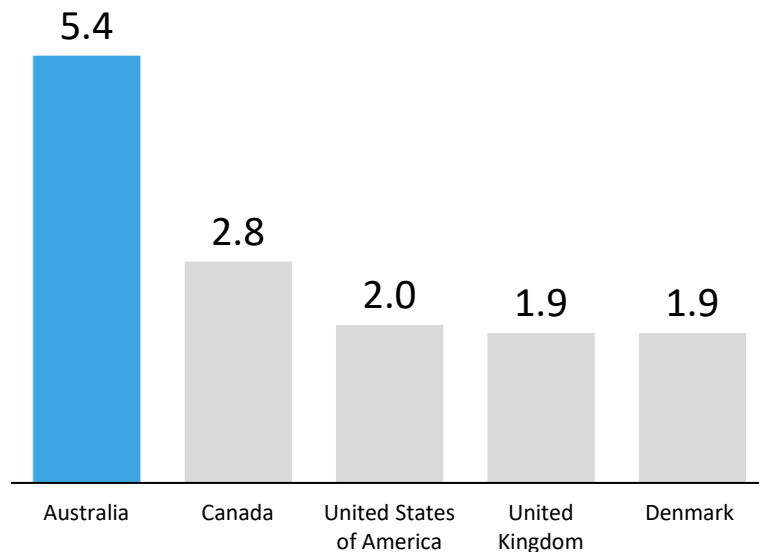


End-of-life care at home

Australia is behind global trends in uptake of out-of-hospital models across a range of conditions

Increased uptake of short-stay surgical models supported by home-based care has reduced length of stay for common operations globally

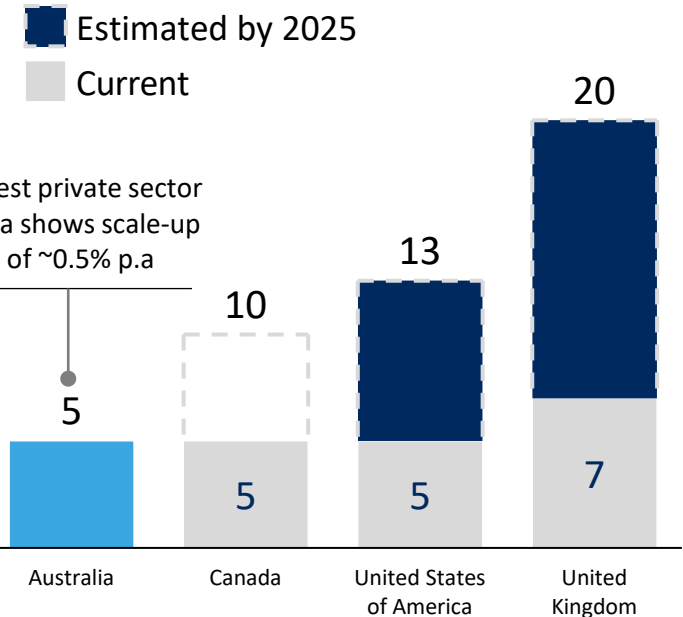
Average length-of-stay for total knee replacement, # days



5 **Peri-operative management**

Comparable countries are rapidly scaling "Hospital-in-the-home" models following COVID-19

Proportion of inpatient admissions with hospital-in-the-home, %

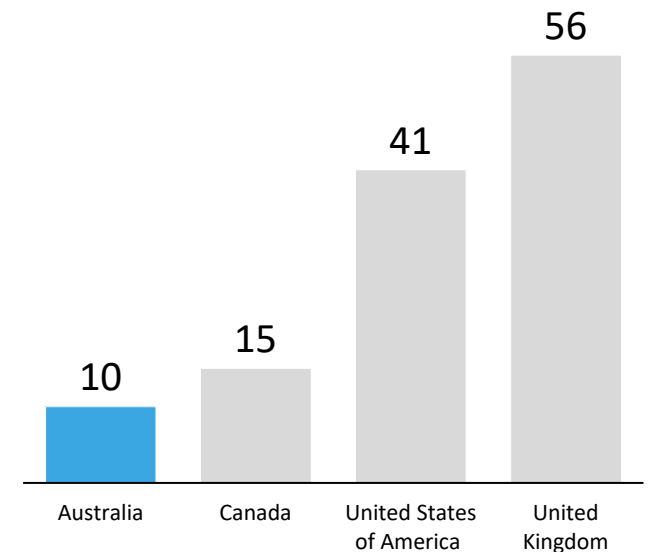


6 **Acute care/single intervention**

7 **Step down services and rehab**

Up to 5x more palliative care is delivered in the home in comparable countries

Proportion of palliative care services provided in the home, %



8 **End-of-life care**



Bariatric surgery

VS



**GLP1-agonists + wrap around
medical & allied health**

Includes physician, psychologist, dietitian and
exercise physiologist

Women's participation in paid work has increased considerably over the past 30 years.



In 2020-21, **women made up almost half the paid workforce in Australia** (47.4%) compared to 41.8% in 1990-91 and around 30% in 1966.

Although managers are almost twice as likely to be men (61.2%) than women (38.8%), **more women are now managers compared to 30 years ago** (8.9 pp increase)

Significantly, **more professionals are now women (55.4%), a 10.1 pp increase from 30 years ago**, with the biggest job growth for women happening in this job category (the number of women working as “Professionals” has tripled over the past 30 years).

“Professionals” is now the largest occupation group for women in 2020-21 (30.2% of the female paid workforce compared to 17.6%, 30 years ago) This compares with “Clerical and Administrative Workers” being the largest occupation group for women 30 years ago in 1990-91 (31.6% of the female paid workforce and now 20.8%)

There remains large gender differences in occupations. **Women were more likely than men to be employed as clerical and administrative workers, community and personal service workers, and sales workers.** In contrast, men were more likely than women to be employed as technicians and trades workers, labourers, and machinery operators and drivers.



Save the Date

2023 PHA Conference

NEXT-GENERATION PRIVATE HEALTH:

*Emerging Demographics, Technology and
Modernising Healthcare*



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26-27 September 2023
The Langham Hotel, Melbourne

