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## Cautious welcome to private health insurance increase

New data shows the private health insurance participation rate increased for the first time since June 2015, but the small blip is not enough to start celebrations of a recovery just yet, warns Australian Private Hospitals Association (APHA) CEO Michael Roff.

The latest data from the Australian Prudential Regulation Authority (APRA) showed a 0.9 percent increase in membership (104,000 members) over the September quarter.

“While it is encouraging to see a small increase in health fund membership, these figures should be treated with caution. We know health insurers have been providing premium relief to policy holders due to COVID-19 and this may be artificially inflating the figures. We need to know if this increase will be sustained or is just a statistical anomaly,” he said.

Mr Roff said one positive in the uptick in participation in private health insurance was the increase in youth participation.

“The biggest increase was in the 35-to-39 age bracket, followed by those 20-to-24 years old, indicating the youth discount introduced by the Federal Government may be having an impact and bringing younger people into the system.

“Notwithstanding the small increase in membership, there is a very strong case to restore the health insurance rebate for low-income earners. In the years since it was introduced the effective rebate has been reduced from 30 percent to less than 25 percent. These households face a ‘double whammy’ of increased premiums and reduced rebates because every year the value of their private health insurance rebate goes down.

“The Federal Government has an opportunity in the 2021 Budget to provide significant relief to these families and make the rebate count again.”

Mr Roff said there was a 23.5 percent increase in episodes of care in private hospitals this quarter, reflecting the easing of COVID-19 elective surgery restrictions. However, this was still 5.4 percent lower than the same quarter last year.

“When you exclude Victoria, private hospital activity is only 0.7 percent lower than the same quarter in 2019.

“Victorian private hospitals are below normal activity levels as many have been involved in the Victorian COVID response and subject to ongoing elective surgery restrictions in that state. With these elective surgery restrictions due to be lifted at the end of this month we are hopeful that activity can increase to a level that will start to clear the elective surgery backlog.”

Whatever measures are taken to improve affordability in private health insurance, Mr Roff said they need to be considered as a matter of urgency.

“There are estimates the backlog in elective surgery resulting from COVID-19 surgical restrictions could take years to clear, even with the full capacity of the public and private systems. We need to urgently



Australian  
Private Hospitals  
Association



address private health insurance affordability to ensure Australians can continue to access private hospital services because the waiting times in public hospitals will just be too long,” he said.

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The Australian Private Hospitals Association (APHA) is the peak industry body representing the private hospital and day surgery sector. The private hospital sector treats 3.73 million patients a year, including treatment of more than a third of chemotherapy, 60 percent of all surgery, 74 percent of all elective musculoskeletal surgery and 79 percent of rehabilitation.