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Big health insurance funds should follow HBF's lead

The Australian Private Hospitals Association (APHA) has welcomed the move by private health insurer HBF to repay members fees after accruing excess funds due to COVID-19 and is urging the big players to do the same.

Australian Private Hospitals Association (APHA) CEO Michael Roff said HBF's move was 'the right thing to do', but noted it was restricted to the Western Australian-based insurer.

"This is exactly what health insurers should be doing – in fact we called for this very thing last week. The latest Australian Prudential Regulation Authority (APRA) data report showed there was \$1.8 billion sitting in insurers' bank accounts as deferred claims liability, if those funds are not used to address the backlog of elective surgery, then they should be returned to members.

"HBF is in a position to return \$40 million to policyholders, imagine what the large insurers are holding back? For example, Medibank reported last week that they are holding \$310 million in deferred claims," he said.

On a national level, activity in private hospitals was down 6.9 percent in 2020 compared to 2019.

"This is not as bad as anticipated when elective surgery restrictions were first imposed, so it is likely all health funds are holding an excess of deferred claims liabilities.

"The latest data shows that in the six months to December 2020, private hospital activity bounced back to more normal levels, so there is no reason why all health funds can't declare how much they will return to members."

Mr Roff said it was pleasing to see at least one health insurer honouring its promise to members and he looks forward to hearing similar announcements from the big health insurance organisations.

"Australians have been hit hard by the pandemic and many will be facing a cut to JobKeeper at the end of this month. If private health insurers are holding on to money that could help those people out, they should do the right thing and follow HBF's great example," he said.

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The Australian Private Hospitals Association (APHA) is the largest peak industry body representing the private hospital and day surgery sector. The private hospital sector treats 4.6 million patients a year, including treatment of more than a third of chemotherapy, about 60 percent of all surgery, 60 percent of all elective musculoskeletal surgery.