



Tuesday, 27 April 2021

NIB profiteering from COVID-19

Big health insurer nib anticipates a huge payday this financial year and instead of repaying members fees as others have done, they are pocketing the extra cash and boasting about record profits.

Australian Private Hospitals Association (APHA) CEO Michael Roff said nib has reported it expects its underlying operating profit for the financial year 2020-2021 to be in the range of \$200 to \$225 million, citing lower than expected catch up from last years' COVID-19 elective surgery shut downs.

"This would represent a 50 percent increase in profit on the previous year, driven by the fact nib members paid premiums for services they couldn't access.

"Funds have been saying they need to hold on to these payments because of the 'inevitable' catch up in elective surgeries. But, this is not happening at anywhere near the rate they are suggesting. Instead, they should return the fees paid to their members and stop hoarding cash on a pretence."

Mr Roff said other funds have led the way. HBF in Western Australia have recognised returning unused funds to members was 'the right thing to do' and put \$40 million back into policyholders' pockets, while AIA is providing members with an average rebate of around \$200 each.

"Medibank reported in March they are holding deferred claims of \$310 million, so there are more funds making money out of COVID-19 than not. We also know that activity levels in private hospitals were down 6.9 percent in 2020 compared to 2019, so the rush to elective surgery has not occurred. There is no reason why all health funds can't declare how much they will return to members.

"Australians have been hit hard by the pandemic and if private health insurers are holding on to money that could help people struggling to pay the bills they should also 'do the right thing'," 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.