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## Private hospitals still recovering while health insurers continue to hoard cash

The latest health insurance statistics released today by the Australian Prudential Regulation Authority (APRA) indicate that while private hospitals continue to recover from the pandemic restrictions by treating more patients, activity is still slightly below pre-COVID-19 levels.

The APRA Quarterly Health Insurance Statistics for the three months ending 31 March 2021 indicate that private hospitals treated fewer patients than in the same period last year; 895,341 episodes compared with 898,676 in 2020.

Australian Private Hospitals Association CEO, Michael Roff, said that treatment in private hospitals had already started to slow in March 2020 before surgery restrictions were introduced due to concerns about COVID-19 and access to PPE.

“It is encouraging to see private hospital activity continue to increase, but we are not yet back to where we were before the pandemic hit our healthcare system. To provide greater certainty in the system we need to ensure there are no more unnecessary surgery restrictions, like those recently applied in Western Australia.

“The conditions that led to national surgery restrictions in early 2020, the need to preserve PPE and maintain ICU capacity, no longer exist. APHA has written to the Chief Medical Officer requesting that AHPPC establish nationally consistent principles and guidance regarding the imposition of restrictions on elective surgery in response to small-scale COVID-19 outbreaks,” Mr Roff said.

Membership of private health insurance continues to grow with almost 60,000 additional members taking out hospital cover policies over the March 2021 quarter, following the increase of 34,800 members in the December 2020 quarter.

However, it is concerning there has been no reduction in the so-called “Deferred Claims Liability” (DCL) in the last three months, with health insurers still sitting on \$1.8 billion. This is essentially money insurers collected as premiums but did not pay out as claims due to COVID-19 restrictions.

Three months ago when the DCL total was sitting at \$1.8 billion, APRA said *“In the absence of any further COVID-19 driven restrictions on health services, the DCL is expected to reduce over 2021.”*

“Today, three months later, the DCL is still sitting at \$1.8 billion and APRA made exactly the same comment. If there has been no reduction in the \$1.8 billion in the last three months what makes them think the rest of the year will be any different?” Mr Roff said.

“While a number of smaller health funds have undertaken to pay this money back to members, it is clear the majority are happy keep the cash. We say it is past time for all health funds to tell their members how they intend to use this money, and if they can’t do that the cash should be returned to members.”

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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.