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Medibank's premium return welcome – but billions still outstanding

Australian private hospitals have welcomed Medibank's move to return \$105 million in premiums to two million members, but billions of dollars in 'deferred claims liability' remain hidden in private health insurer's coffers.

Australian Private Hospitals Association (APHA) CEO Michael Roff said it was good to see Medibank make good on its promise to return unspent funds, now the rest of the industry needed to step up and do the same.

"At the end of March 2021 there was \$1.8 billion of unspent members' funds sitting in health insurers' accounts – unchanged from December 2020. While some insurers have made moves to return members unspent funds, too few have done so," Mr Roff said.

"We have heard some of the large insurers suggest only the not-for-profit funds were in a position to return unspent premiums. Medibank is a for-profit insurer and their actions demonstrate that some insurers are making up excuses not to return cash to their members. It's time all private health insurers met their obligations to their members. At a minimum, they should publicly declare how much in deferred claims they are holding and outline a plan to pay it back."

Mr Roff said that insurers had been able to accumulate so much money because elective surgery was being turned on and off through various state lock downs during the pandemic.

"We had the National Cabinet mandate a stop on elective surgery at the start of the national lock down in 2020. That was due to a shortage of personal protective equipment (PPE) and a belief that significant hospital capacity would be required to treat COVID patients. Issues with PPE were resolved last year and today there are only 58 COVID patients in hospital across the entire country. Despite this, some states have imposed elective surgery restrictions almost as a matter of course when announcing lock downs – however short.

"There is no doubt there is enough capacity in the health systems across states and territories for elective surgery to continue throughout any future lock downs. Procedures subject to restrictions include cataract surgery that impacts sight and total hip and knee replacements – vital for movement. While not directly life threatening these conditions are debilitating and affect the quality of life of people waiting for surgery.

"We estimate there were 350,000 episodes of care that did not take place in private hospitals in 2020 alone. Surgical restrictions must stop if we are ever to address the backlog of surgery," Mr Roff said.

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