

Health fund profits up while their members lose out – time for change

Health fund members are paying ever higher premiums but getting back less in benefits while fund profits have ballooned, according to the latest official figures.

Health fund profits have jumped by a lucrative 8.9 per cent yet the latest statistics show that members are on average getting less back from each dollar in premiums they pay.

While premium revenues rose by 6.4 per cent in the year to June, the payouts members got back in benefits rose by just 5.3 per cent, according to figures released by the Australian Prudential Regulation Authority.

“These results underline the need for a searching review of the state of health insurance,” the CEO of the Consumers Health Forum, Leanne Wells said.

“We need the Government to move ahead with its planned review as soon as possible. We do not want another round of high premium rises early next year for health cover that is not only very costly but often confusing and uncertain.

“These figures also show that the out of pocket costs insured patients have paid for hospital services have continued to rise, by 6.9 per cent in the year to June, although it is heartening to see that this trend dropped slightly, by 1.2 per cent in the last quarter.

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“When so many families and individuals struggle to afford a reasonable level of cover, it is no longer acceptable that funds should be able to sock consumers while benefiting to the tune of billions of dollars from federal government subsidies and regulation that coax people to join health funds.

“Government subsidy has been provided to health funds with the aim of putting private health cover in reach of average Australians. Do we now have a situation where publicly listed funds are putting profits ahead of patients?

“The Consumers Health Forum has argued for changes that would require funds to offer policies which are transparent and easily comparable with competing products. Those policies which fail to meet consumer-friendly criteria should not qualify for the health insurance rebate.

“Australians need to see much more transparency about cost and performance of the health system. The AMA President this week suggested health funds need to mend their ways. But patients also need to have more clarity from the medical profession about their prices and performance,” Ms Wells said.

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