

# Medical gap costs more frequent than official figures suggest

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Health insurance premiums are rising again as it becomes clear that many insured patients are more likely to face high out of pocket medical costs than is widely expected, the Consumers Health Forum says.

Privately insured patients face out of pocket medical costs amounting to thousands of dollars much more frequently than official figures indicate.

While the official figure on medical gaps from the Government regulator APRA states that on average 88 per cent of private hospital medical services have “no gap”, industry figures show that, for many surgical procedures, the rate of gap charges is actually much higher.<sup>1</sup>

That reality is being borne out in early responses to CHF’s Out of Pocket Pain survey [Out of Pocket Pain survey](#) which after a week and over 600 responses is showing that significant numbers of respondents are paying gap costs, often more than \$1,000 and ranging up to \$20,000.

Data collected by Australia’s biggest health fund, BUPA, show that for common operations such as knee replacem

ent, fewer than 40 per cent of operations are performed where no gap is charged and 39 per cent of the operations drew out of pocket costs

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<sup>1</sup> Narrabundah Partners Submission to Senate Inquiry on Private Health Insurance (Submission No.05) P.7 an Appendix A at [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Privatehealthinsurance/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Privatehealthinsurance/Submissions)

**Contact:** Mark Metherell, 0429 111 986

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averaging \$2,001-\$5,000. With some prostate operations only 17 per cent had no gaps while more than a quarter of patients had out of pocket bills of more than \$5,000.

We know from research by the Breast Cancer Network Australia that many women with breast cancer are facing similarly high costs.

The official no gap figures published by APRA are stated to count all in-hospital medical services. It appears the figures are skewed by the numerous low-cost procedures that count towards a person's overall 'basket' of services which do not have a gap charge, such as pathology tests and radiology.

"The confusing nature of these figures highlights the need for much simpler, clearer private health care and insurance arrangements," the CEO of the Consumers Health Forum, Leanne Wells, said.

"These costs pose a heavy burden as well as complexity in ascertaining costs before surgery for consumers often at times of great anxiety about impending surgery.

"Many private patients are questioning the value of health insurance when they have to pay so much more in out of pocket costs for services they expected to be covered by insurance.

"It is clear that a Productivity Commission inquiry is necessary to investigate the nature and reasons for this state of affairs.

"Our political leaders must address this issue effectively if we are to retain decent access to health care for all.

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“After continuing revelations about the rising impact of out of pocket costs, we now learn that health insurance premiums are expected to rise by twice the rate of inflation.

“On top of that, new international statistics show older Australians are more likely than in any other western country to have problems paying their medical bills.<sup>2</sup>

“To drive home the message for action, CHF has launched a national Out of Pocket Pain survey for people to anonymously give their experience with medical costs. To complete the brief survey go to: [Out of Pocket Pain survey](#) .

“Our Out of Pocket Pain survey seeks information from respondents on what out of pocket costs they have incurred whether in or outside hospital.

“The Consumers Health Forum will be taking the information gleaned from the survey to the newly established Ministerial Advisory Committee on Out of Pocket Costs.

“CHF is the only consumers body represented on the committee so this is a vital opportunity for Australian patients and their families to relate their experiences for the benefit of the Government.

“It is important for decision-makers to get the real story on out of pocket costs.

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<sup>2</sup> 2017 Commonwealth Fund International Health Policy Survey of Older Adults

**Contact:** Mark Metherell, 0429 111 986

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“Too often Australians seem reluctant to speak openly about their personal medical cost saga. But we know that real-life stories are pivotal in influencing health policy.

“Now is the time for people to share their experiences and contribute to the campaign for a better deal on health costs,” Ms Wells said.

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