

Profits for health insurers are sky rocketing, but consumers still lose out

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The Consumers Health Forum is again calling for an independent review of private health insurance as the Australian Prudential Regulation Authority (APRA) report for March released yesterday, reveals record profits for insurers.

Premiums rates, which many consumers increasingly struggle to meet, are continuing to increase, but the report reveals the PHI industry earned net profits of \$2 billion, more than doubling that of the previous year.

“The industry has committed to defer premium increases and create payback options in the wake of the pandemic and delayed treatments and elective surgery suspensions but consumers have seen little return on these promises,” CHF CEO, Ms Leanne Wells said today.

“In the face of rising costs of living facing households on all fronts --- food, fuel, energy, and housing – it is more important than ever to ensure Australians have fair and equitable access to affordable healthcare,” said Ms Wells.

Despite the membership rates, consumers are continuing to see less value from private health insurance as the cost of premiums becomes unaffordable for more people.

“This is why we need to reposition private health insurance policy in Australia. As premiums continue to rise, consumers lose faith in the value to them. The way forward is an independent review through the Productivity Commission,” said Ms Wells.

“Health insurance needs to be affordable and a value proposition for Australians, whether they pay monthly premiums or contribute through their taxes to the private health insurance subsidy.

“Private Health insurance is a critical component of Australia’s health system and Australians deserve an overall health system that works for them,” said Ms Wells.

Consumers Health Forum surveyed [Australia’s Health Panel](#) last month, and asked consumers about their experiences with the recent trend where patients are funding their hospital and specialist treatment privately, either from savings, loans or drawing down on their superannuation. We found that 1 in 4 people surveyed reported that they had either funded their own treatment or know someone that had.

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The survey found that consumers were more likely to fund their own treatment and procedures if the intervention was urgent or essential.

“The results show that consumers are seeing less value in private health insurance, and prefer to take the risk, should they need treatment by self-funding, rather than pay private health insurance premiums,” said Ms Wells.

Taxpayers subsidise the private health insurance to the tune of \$6 billion a year. Since 2015 CHF has been calling for an independent inquiry into private health insurance to see if this offers good value for money. An inquiry would allow for an objective analysis of the role of private health insurance in the health sector and evaluate the effectiveness of the current policy settings.

Before the 2019 federal election the ALP committed to having the Productivity Commission undertake an Inquiry into the private health sector.

“We are asking if the new government will continue to prioritise this review as a part it’s commitment to health care reform, said Ms Wells.

“It is ever more urgent that the incoming government commit to in independent review of private health insurance through the Productivity Commission,” said Ms Wells.

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