



**CHF**

Australia's  
Health Panel

## RESULTS

# Results of Australia's Health Panel survey on self-financed private health

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Consumers Health Forum of Australia (2022) *Results of Australia's Health Panel survey on self-financed private health*,  
Canberra, Australia

**P:** 02 6273 5444

**E:** [info@chf.org.au](mailto:info@chf.org.au)

[twitter.com/CHFofAustralia](https://twitter.com/CHFofAustralia)

[facebook.com/CHFofAustralia](https://facebook.com/CHFofAustralia)

**Office Address**

7B/17 Napier Close  
Deakin ACT 2600

**Postal Address**

PO Box 73  
Deakin West ACT 2600

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# Introduction

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*When a loved one's life is in the balance, you will do whatever is needed to get them the best healthcare and attention in a timely manner.*

– AHP Panellist

As the costs of living in modern Australia continue to rise and wages stagnate, consumers' financial decisions in all areas of their lives are being put under increasing pressure. This is particularly true for health and healthcare, where for many years costs have increased at a rate greater than the general 'cost of living'.

A recent trend is the use of "self-financing" in the private healthcare system, where consumers without private health insurance elect to get treatment in private health facilities and pay for the entire cost themselves. Often with the use of "Buy Now, Pay Later" providers such as After Pay or Zip Pay which have emerged in recent years.

For the March 2022 Australia's Health Panel survey we asked the Panel about this recent trend and if they'd had any experiences with it.

*An interesting question - worries me though as this smells like a government policy emerging to yet again shift cost back to the consumer who already props up the services.*

– AHP Panellist

# Demographics

For this survey 138 panellists participated, of which 76% identified as female. A minority (13%) were aged 18-45, with most aged 46-65 (43%) or 66+ (44%). Panellists came from across every state and territory (see Figure 1) but lived in major cities of more than 250,000 people (72%). Panellists reported as being reasonably healthy, with only 12% reporting they were in poor health while 59% reported they were in good or excellent health. Additionally, 1% identified as Aboriginal or Torres Strait Islander, 8% as LGBTIQA+, 10% as culturally or linguistically diverse and 17% as a person with a disability.

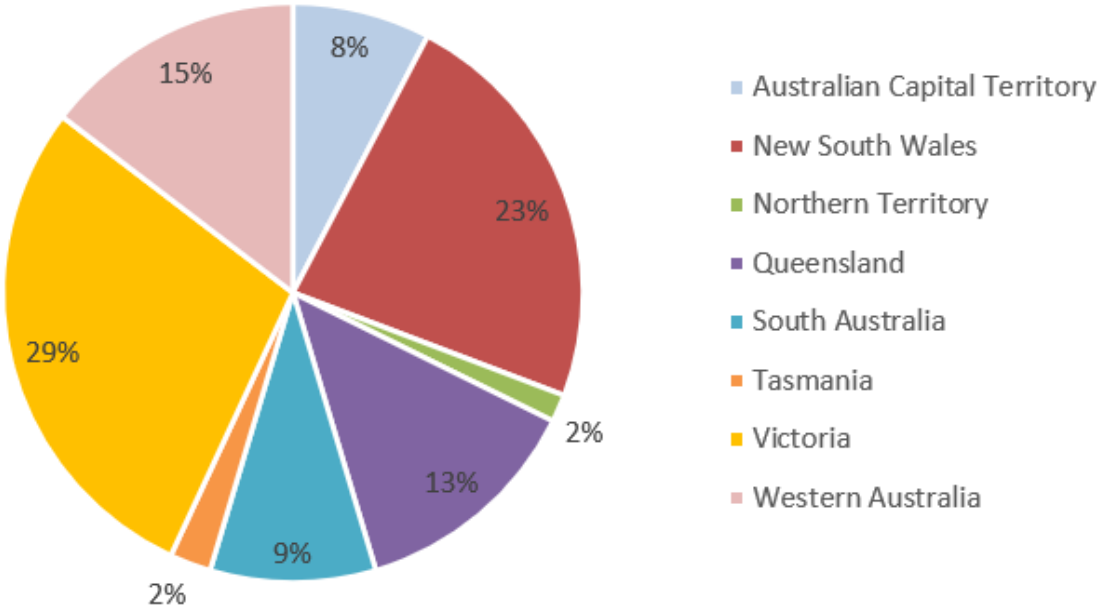


Figure 1- State of residence of participating panellists

Additionally, most panellists reported having private health insurance (PHI). The majority (64%) had Hospital and Extras, 10% had Hospital only and 4% had Extras only. 15% of panellists reported that they previously had private health insurance but had cancelled it and the remaining 7% reported that they had never had it.

*Another major factor is out-of-pocket costs associated with procedures for people who DO have private health insurance. Currently those costs are large. Some comparison b/n the out-of-pocket cost for insured people, and the cost of self-funding treatment should be made - in some instances, the difference may not be that big (i.e. when the refund amount from the private health insure is very low which is becoming more and more common)*

– AHP Panellist



## Why self-finance?

The most common reason (62%) for going for private treatment without PHI coverage was to skip the waiting line in the public system, typically due to a need to get the procedure done quickly. The next most common reason (15%) was to get the doctor or surgeon of choice, followed by the view that the consumer was unable to get the specific treatment in the public system so had no choice but to self-pay for private treatment (12%).

*The waiting list in the public health system was over 6 months long and she could not put up with the pain or afford the time off work. Self-paying seemed the quickest way to have the surgery completed so she could get on with her life and keep her job!!!*

– AHP Panellist

## How was the financing done?

Overwhelmingly panellists reported paying for the procedures upfront from savings (88%), with minority using a payment plan provided by the facility (12%). Zero panellists reported using a Buy Now, Pay Later (BNPL) provider. This last finding was potentially due to the age profile of participating panellists, with BNPL services reported to be [disproportionately used by Australians aged 14-34](#).

Those panellists who paid entirely upfront did so for three overlapping reasons: they were able to get the money required (either from own savings or family), they did not want to go into debt on principle or they were not given any other payment option by the facility.

Those who paid with a savings plan reported doing so for two recurring reasons: firstly it was the only way they could afford it and secondly, they were desperate to get the treatment done urgently.

*This person paid this way [upfront from savings] as they didn't have private health cover and needed help immediately- there are often long waiting periods for psychiatric care specifically, especially if it is due to a pre-existing condition.*

– AHP Panellist

*I couldn't really afford it but it [a payment plan] was the only option to get the healthcare I needed in a timely manner.*

– AHP Panellist

## *Buy Now Pay Later consideration*

When asked if they would consider using a BNPL service to pay for private health care, a slight majority of panellists (56%) reported they would never consider paying for a private health procedure with a BNPL provider. 12% said they would consider while a sizeable minority of 32% were unsure.

Those who would use Buy Now Pay Later reported that they would do so as they would prioritise getting needed treatment first and then worry about paying for it later.

Those who were unsure noted that it would depend on the treatment needed (i.e. how urgently they need it) and the specific nature of the Buy Now Pay Later service, with a general concern that the service could be a “financial trap”.

Those who would not consider it either did not like going into debt at all in principle and would delay treatment until they had the savings or specifically thought that Buy Now Pay Later services would charge unreasonable interest rates and fees making the procedure even more expensive and unaffordable.

*A lot of guarantees and protections would have to be put around BNPL before I would use it for anything.*

– AHP Panellist



## Views on self-financed private care

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When asked about self-financing private care in a broader sense, 50% of panellists reported they personally would not consider getting treatment at a private facility without PHI. 28% were unsure while 22% said they would.

Overwhelmingly the reason for not doing it was the cost of treatment in a private facility being unaffordable (86%). Additional reasons included the panellist preferring to go through the public system as they thought it was better quality (particularly for serious treatment or if the waiting list was not too long) or because the individual panellist had PHI so would be covered for their treatment through a private provider.

For those panellists who would do it or were unsure, both groups reported that it would depend on the same factors: the degree of urgency for getting treatment, what the waiting time was through the public system, precisely how much the cost would be through the private system and how much they had in savings. Depending on those specifics they may or may not elect to self-finance the treatment through a private facility.

*[Would not consider self-financed private care because] I am unlikely to have the money required. I would try and get the surgery done in a public facility. I have always paid a huge amount for out-of-pocket expenses for surgery at private facilities.*

– AHP Panellist

*[Would consider self-financed private care because] It would come down to the cost benefit analysis. If, say, getting the treatment privately would get me back working and earning fast enough to mean that financially I was ahead, then it makes financial sense to do this. Similarly, if I had the cash and the discomfort was extreme, then I would go ahead. Finally, in the unlikely event that I could get better care privately, i.e. a better outcome due to more advanced treatment, then it would be worth considering.*

– AHP Panellist

## *Buy Now Pay Later consideration*

When asked about the possibility of using a BNPL to self-finance private care, again a slight majority of panellists (53%) reported they would not consider using such a service to pay for private health care. Only 19% said they would consider it, while 28% were unsure. This mirrors the views of panellists who had had experience with self-financed private treatment, suggesting that people's views about the topic do not significantly change between it being a 'theoretical scenario' and a reality they are facing.

This mirroring continued in the reasons given for each response: those who wouldn't consider it cited concerns/distrust with Buy Now Pay Later schemes in particular or debt in general so something they didn't want to deal with in the area of health. Those who were unsure were concerned about the specific details of the Buy Now Pay Later providers services and how urgently they needed the treatment in comparison to the public waiting list and private treatment cost. And those who would consider it cited the need to ensure they get urgent treatment quickly and spread the expected large cost of that urgent treatment over a period so that they would get treated.

*[Would not consider a BNPL service because] They're like payday lenders, the end up slugging you with awful costs if you screw up even the tiniest thing. Not worth the risk*

– AHP Panellist

*[Would consider a BNPL service because] I'm only vaguely aware of the terms and conditions of these sorts of arrangements, so if it made financial sense, then it would be worth considering. However, since someone has to pay for the service, I expect that the private health provider will probably jack up the prices to cover the service fees, so whether it would be worthwhile is probably debatable.*

– AHP Panellist

## Conclusion

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In summary, this Australia's Health Panel survey found that 1 in 4 people have experiences with self-financing healthcare treatment in the private health system. This number likely to be an underestimation given the disproportionate proportion of survey participants who had Private Health Insurance.

When considering whether they will self-finance a private procedure, consumers reported they typically balancing an urgent need to get a procedure done against the high costs of receiving treatment in the private system without health insurance. This aligned with the finding that the types of procedures being self-financed were general major surgical interventions that required the consumer to remain in hospital overnight afterwards.

The vast majority of self-financing through consumers savings, or the savings of their family. A minority of people reported using a payment plan with the facilities and zero participants report using an external Buy Now Pay Later, which was the reported phenomena prompting this research project. Consumers are mistrustful of Buy Now Pay Later schemes, but a sizeable minority did report they would consider using one if desperate enough. More broadly, not all Australians are able to reliably draw upon pre-existing savings to quickly access the essential procedures that require self-financing, highlighting an ongoing health affordability crisis in Australia.

The results of this research will inform our advocacy and partnerships on health systems affordability.

The Consumers Health Forum of Australia would like to thank all panellists for giving up their time to participate in this survey. Any questions about this survey and its findings can be directed to [info@chf.org.au](mailto:info@chf.org.au).

*It [BNPL] would be like Layby. You could have the benefit of having the surgery as soon as it was identified as needed (and all the associated benefits of the condition/issue not deteriorating further), and then spread the cost / payments over time. This would only work if there was an extended period of time available for repayment without extensive interest rates applied (e.g. some of the interest-free for 2-4 years options available in retail).*

– AHP Panellist