



Private health insurers paying out less to patients

Catholic Health Australia

New data shows private health insurers are paying out less to hospitals and patients as they bank large profits.

Quarterly data released by the Australian Prudential Regulation Authority reveals private health insurers returned just 80.7 cents of every dollar they received in premiums in the March quarter, down from 82.9% in the previous quarter.

Insurers amassed a substantial profit of \$431 million in the March quarter. Meanwhile, 37 hospitals have been placed into receivership and a number are reportedly facing closure in coming weeks.

“Health insurers are making enormous profits and returning less to patients and the hospitals that deliver the services,” said CHA Director of Health Policy, Dr Katharine Bassett.

“This means more of patients’ premiums are being spent on profits and overheads, not care.

“The lack of adequate funding is undoubtedly a major reason for the viability challenges that private hospitals are facing across the country.

“Health Minister Mark Butler was absolutely right when he said this week insurers ‘needed to lift the share of their income that they actually end up paying to hospitals’.

“Private hospitals are an integral part of our health system and help keep pressure off strained public hospitals. But their viability will become increasingly challenged if insurers continue to underfund them for their own profit.”

CHA is calling for the annual premium round process to be undertaken by an independent body such as the Independent Health and Aged Care Pricing Authority (IHACPA), to ensure premium increases accurately reflect the cost of delivering care.

This would pave the way for a National Private Price — a new approach to private hospital funding that replaces opaque, bilateral negotiations with a transparent, efficient, and sustainable pricing model. CHA is also calling for premium increases to be linked to how much insurers return to patients, to incentivise them to return more.

Notes to editors: *Catholic Health Australia (CHA) is Australia's largest non-government, not-for-profit group of health, community, and aged care providers. Our members operate 80 hospitals in each Australian state and the ACT, providing around 30 per cent of private hospital care and 5 per cent of public hospital care, in addition to extensive community and residential aged care. There are 63 private hospitals operated by CHA members, including St Vincent's, Calvary, Mater, St John of God and Cabrini. CHA members also provide approximately 12 per cent of all aged care facilities across Australia, in addition to around 20 per cent of home care services. 25 per cent of our members' service provision is regional, rural and remote.*

Media contacts:

Charlie Moore: 0452 606 171