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Not-for-profit healthcare sector welcomes proposed private funding reform

CHA and AHSA

Australia's not-for-profit private healthcare sector has backed the government's proposal for a new funding mechanism that puts private hospitals on a sustainable footing, removes complexity, and focuses on delivering quality care to patients.

The Australian Health Service Alliance (AHSA) has joined Catholic Health Australia (CHA) in supporting the Private National Efficient Price (PNEP) as a "nation-strengthening step".

CHA represents Australia's largest non-government group of not-for-profit health, community and aged-care providers, while AHSA is Australia's largest aggregated contract negotiator and purchasing group for not-for-profit private health funds.

"For too long, we've had a system where private hospitals, especially not-for-profit providers, have been forced to navigate opaque pricing arrangements that do little to reward quality or efficiency," Dr Katharine Bassett, Director of Health Policy at CHA said.

"A PNEP would finally allow private providers to be funded in a way that reflects real costs and real activity. It clears away decades of complexity. Most importantly, it strengthens the viability of the not-for-profit hospitals that communities across Australia rely on.

"The funding mechanism is a chance to provide urgently needed clarity to a system increasingly defined by its fragmentation and complexity.

"This reform is about making sure private care remains accessible, affordable and sustainable, and that the not-for-profit mission continues to have a strong place in Australia's health system," Dr Bassett said.

AHSA CEO Andrew Sando said the PNEP would ensure modern private funding arrangements are enshrined across the sector to deliver greater value to members of not-for-profit health funds.

“We have a world leading private healthcare sector, and our industry is balancing the viability of our quality hospitals with affordability of premiums for consumers. The opportunity presented by a PNEP must be explored to see if it is part of the solution,” he said.

“A Private National Efficient Price introduces a common foundation and a shared understanding of what care actually costs. That transparency benefits everyone: patients, providers and tax payers.

“For our members, the PNEP is a critical step toward modernising the private system so it can keep pace with Australia’s changing health needs by more accurately aligning pricing against costs and rewarding high quality care,” Mr Sando said.

Both organisations said the PNEP has the potential to align incentives, reduce duplication and encourage more equitable access to care.

CHA and AHSA noted that the reform must be developed carefully, with appropriate transitional arrangements and safeguards to ensure regional, rural and mission-driven hospitals are not disadvantaged.

“If Australia gets this right,” Mr Sando added, “we will have taken a major step toward a more coherent, efficient and fair healthcare system that genuinely puts patients and communities first.”

Both CHA and AHSA remain focused on ensuring we have a sustainable private health system that benefits patients.

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