



## MEDIA RELEASE

### **Insurers profiting while hospitals struggle: New data**

New data from the ABS shows private hospitals collectively lost \$756 million last financial year, while APRA data shows private health insurers collectively made \$2.7 billion in profit.

The significant loss for private hospitals is the second in a row, following a \$36 million loss in 2023-24.

“When insurers are posting record results while hospitals can’t cover their costs, the money has stopped moving through the system the way it should,” said Catholic Health Australia Acting CEO Dr Katharine Bassett.

“Insurer profits have hit record highs, management costs have ballooned, and the hospitals that care for patients are going backwards.

“This is a sign of a system failure. People’s cover is only worth something if the hospital can actually afford to treat them.”

Dr Bassett said the issue can be solved by requiring insurers to pay out 90 per cent of their premium revenue on patient care.

“A 90 per cent ratio is what Australians were already getting before COVID. It would put \$1.2 billion back into patient care every year, and increase the value proposition of private health insurance, which is critical for taking the pressure off our public hospitals.

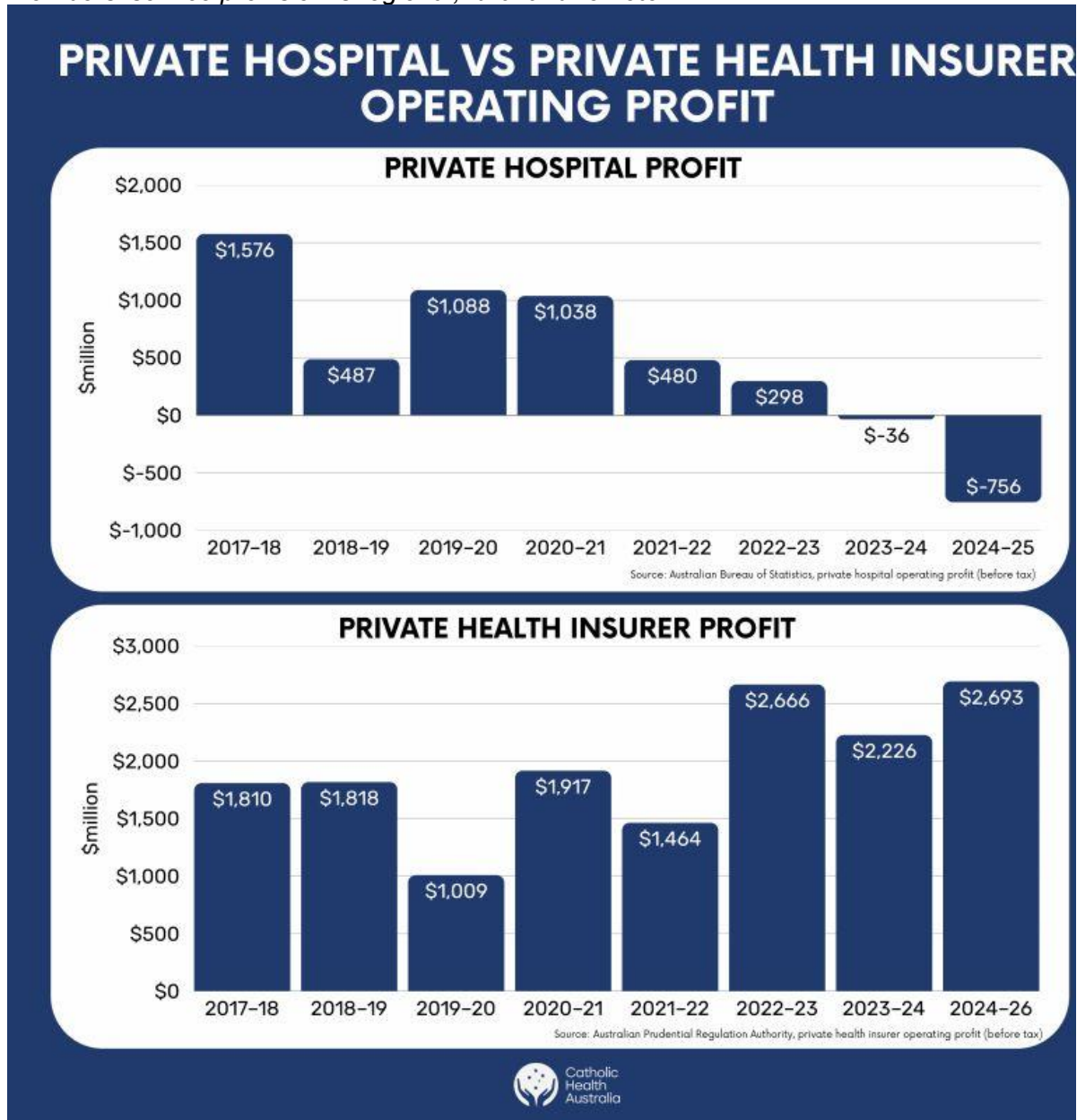
“This, alongside a code of conduct to keep insurer–hospital negotiations fair, would help steer premium dollars back to where the care actually happens, while the sector works on longer-term reforms to the funding model.”

Dr Bassett said the policy was modest, achievable, and in patients' interests.

The framework could be designed with sensible thresholds so that smaller and restricted insurers can continue to serve their members sustainably.

**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.



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