

MEDIA RELEASE

Private health review needs to take on drivers of health inflation to address affordability

hirmaa, the peak-body representing eighteen member-owned and community-based private health insurers welcomes the Government's private health insurance review and hopes it will illuminate issues around escalating health costs.

hirmaa CEO Matthew Koce also commended Health Minister Sussan Ley on her comments at the National Press Club in Canberra today.

"The Government's review comes at a time when affordability pressures are hurting the hip pockets of ordinary Australian families" Mr Koce said.

"Premiums and out-of-pocket expenses are being driven upwards by rising costs associated with prostheses manufacturers and private hospital operators. Additionally, the declining and heavily means-tested private health insurance rebate has made the product less affordable for many Australians."

"The review provides an excellent opportunity to fix these affordability pressures. However, this can only be achieved if key factors – prostheses and private hospital costs – are addressed," Mr Koce said.

Prostheses include everything from stents for cardiac patients, screws and plates for fixing broken bones, artificial hips, insulin pumps for diabetics and eye lenses for cataract patients.

Mr Koce said private health insurers paid \$1.90 billion towards these devices in 2014-15; a figure that has been growing at an average of 8.3 per cent over the last five years.

hirmaa estimates that overcharging by prostheses suppliers is adding \$100 a year to the average private Australian health insurance policy.

And if public system prices were to apply across the board, the private health insurance industry could save about \$530 million annually.

Australia's two largest private hospital providers, Ramsay and Healthscope are meanwhile experiencing significant profits increases.

Profits at Ramsay and Healthscope rose 19 and 4 per cent respectively during the 2014/15 financial year. Together, the hospital providers paid out almost \$275 million in dividends to shareholders - money lost to the Australian health system.

Meanwhile, hirmaa's 18 community and member-owned insurance providers recorded an average growth rate of just 1.51 per cent with almost 90 per cent of all premium contributions being funnelled back into member benefits.

Mr Koce called for improved transparency from private hospital operators amid a notable lack of data around key performance indicators such as infection rates, cleanliness, nurse to patient ratios, hospital errors and waiting times, which is only exacerbating the costs blowout.

"When it comes to something as important as health, consumers have every right to demand and share information on individual hospital performance. Without timely and consistent information, consumers simply cannot make an informed choice between hospitals."

hirmaa is the peak industry body for eighteen private health insurers which are member-owned and not-for-profit. In all, the hirmaa funds provide private health insurance for over one million Australians.

A complete list of hirmaa funds is available at http://hirmaa.com.au/member_funds.

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