

## MEDIA RELEASE

### PHI cost pressures need highlighting amid public survey release

hirmaa, the peak body for 18 not-for-profit and community-based health funds, welcomes the Federal Government's public consultation and survey on private health insurance.

However, it is crucial that myths relating to premium price increases are dispelled and the public recognizes the real cost pressures facing the industry.

"Medical costs are rising in Australia and placing increased pressure on insurers to pay higher fees for hospital services and specialist's procedures," Matthew Koce, CEO of hirmaa said

The latest figures from the Australian Prudential Regulatory Authority (APRA) show benefit values and the number of episodes of care are rising year-on-year while insurers work to limit out-of-pocket payments.

The number of hospital treatment and ancillary treatment (physiotherapy, optical, dental and ambulance cover) episodes of care increased more than four per cent from 2013/14 to 2014/15, with total benefit paid to both areas of care also rising more than six per cent.

Meanwhile, out-of-pocket expenses fell by almost four per cent during that same time period.

"The data is evidence that PHI is paying out more and more for medical services every year. Add to that the previous government's decision to cut the PHI rebate and install means testing, and it is no wonder premiums are increasing," Mr Koce said.

PHI provides members security in knowing that that they will receive high-quality care, not have to wait in long queues and will have their own choice of doctor.

Private Health insurance also helps with many of the important services not covered by Medicare, such as ambulance services, dental and optical. Identifying medical conditions can be difficult and dentists and opticians often detect medical conditions that would otherwise go undiagnosed by a GP and so help avoid unnecessary hospitalisations and keep people fit and healthy.

The private health insurance industry also significantly reduces the cost burden that health places on government finances.

Australian governments pay more than 90 per cent of the cost of treatment in the public system, but only 34 per cent of the cost in the private system (inclusive of the Government rebate on PHI).

"It is vital that the public understands the pressures facing their insurer when they approach the government's public consultation, and consider how rising medical costs are impacting premiums."

"hirmaa funds are not-for-profit and community based and focus entirely on providing value through their service offerings."

hirmaa health insurers don't pay dividends to shareholders so around 90 cents out of every dollar paid in premiums goes back in benefits for the policy holder.

hirmaa encourages the public to take part in the Federal Government's PHI public consultation survey via <http://www.health.gov.au/internet/main/publishing.nsf/Content/phiconsultations2015-16>.

*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](http://hirmaa.com.au/member_funds).

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