

## MEDIA RELEASE

### **hirmaa insurers industry leaders in providing year-on-year affordability**

The majority of private health insurers that came in under the 2016 average premium price increase were hirmaa funds, further highlighting the importance and value of Australia's not-for-profit and community-based insurers.

Nine out of the 16 private health insurers that recorded premium increases under the national average of 5.59 per cent were hirmaa funds with Doctors Health Fund submitting the lowest premium increase of the whole industry.

"hirmaa funds exist only to benefit policyholders, not shareholders. hirmaa insurers return around 90 cents of every dollar paid in premiums back as benefits, so the level of cover they provide is both highly affordable and comprehensive."

Health Minister Sussan Ley today announced the average premium increase, which is the lowest industry average increase in four years.

Matthew Koce, CEO of hirmaa, the peak body for 18 of Australia's not-for-profit, member-owned and community-based health insurers said the lower-than-average premium increase is evidence of hirmaa funds' commitment to consumer affordability and value to the community.

"hirmaa funds have a long history of out-ranking the rest of the industry with lower than average annual premium increases, less restrictions and exclusions," Mr Koce said.

hirmaa funds have consistently provided lower premium increases in recent years averaging a rise of 5.1 per cent annually since 2012 compared to the industry-wide 5.78 per cent increase.

Mr Koce also cautioned the public to be wary of cheaper, restrictive policies when comparing health insurance products.

hirmaa insurers are renowned and trusted in their communities for their high levels of coverage with just one per cent of all policies comprising high levels of exclusions, restrictions and excesses, compared to the industry average of 23 per cent, according to 2015 industry figures.

"Consumers need to be especially aware that some of the larger, for-profits insurers are selling policies that exclude potentially lifesaving procedures or impose big and unpleasant out of pocket expenses on unwary consumers."

"The premium price may be cheaper, but consumers need to be aware that under some health insurance policies they may not be covered for basic things that are crucial to their health due to exclusions and restrictions."

Today's premium announcement comes just weeks after Minister Ley committed to addressing serious

price discrepancies in Australia's medical devices sector.

Mr Koce commended Minister Ley on the Government's establishment of the prostheses pricing Industry Working Group, which is tasked with exploring ways to improve cost effectiveness and transparency of the medical devices sector. hirmaa is one of a number of industry organisations participating in the Working Group.

He added that the health insurance industry is looking forward to working with the Minister to deliver promised, cost-cutting reforms to prostheses after private health insurers delivered on the significantly lower-than-average premium increase for 2016.

"There is up to \$1 billion in immediate savings to be made from fixing the regulation of medical devices and prostheses," Mr Koce said.

But with more than 50 per cent of all Australians depending on private health insurance for their health needs and annual benefits tipped to rise beyond \$18 billion per year, it is vital that the Government also looks beyond prostheses to address other factors impacting premium prices.

"Improved transparency measures around the performance and pricing of medical specialists and hospitals and restoring the 30 per cent Australian Government rebate on private health insurance will curb inflationary factors, encourage competition, empower consumers, deliver savings and reduce pressure on the already overstretched public health system."

Mr Koce said with the public health system already stretched and waiting lists for treatment longer than ever before, now is the perfect time for consumers to consider taking up or reviewing their health cover.

"Privately insured patients receive fast, high quality care. Private patients also take the pressure off the stretched public system, where public patients in can wait more than 2 years for surgery to fix painful and debilitating conditions," he said.

The latest premium round is due to come into effect April 1, 2016.

*hirmaa is the peak industry body for 18 not-for-profit, member-owned and community-based health funds which together provide private health insurance for over one million Australians.*

**1 March, 2016**

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