

MEDIA RELEASE:

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Private Hospital Viability Check reinforces importance of private health

Members Health has welcomed today's release of the Federal Government Private Hospital Sector Financial Health Check.

“The Government report reaffirms the ongoing importance of private health to the sustainability of Australia's world class health system.” said Matthew Koce, CEO of Members Health Fund Alliance, the peak body for Australia's not for profit and member owned health insurers.

“Australia's private hospitals cover more than 40% of all hospital admissions and deliver around 70% of elective surgeries.”

“Today there are more private hospitals and private hospital beds than ever before. Over just the last few months since the 7th of June 2024, we have seen four private hospitals open, with more on the way.”

“The report estimates that private hospital Earnings Before Interest, Tax and Depreciation (EBITDA) margins averaged between 7% and 8% in 2022-23. Mr Koce said.

“Following the Health Check, the Government is establishing the Private Health CEO Forum. Members Health welcomes this initiative as an important opportunity for the private health industry and Government to work together to keep Australia's uniquely mixed public and private health system at the forefront for delivering among the best, if not the best, health outcomes in the world.”

“Workforce shortages identified in the report are impacting availability of care in some areas. Attracting and retaining the specialists required to run psychiatric and obstetric services has become particularly challenging over recent years for both public and private hospitals.”

“It can be even more difficult to find clinicians in rural and regional Australia, where life expectancy and health outcomes lag behind the big cities.”

“Australia is confronted with an aging population that will add further pressure to the health system over time, therefore the importance of health workforce planning and the establishment of a Private Health CEO Forum can't be underestimated.”

“The biggest challenge facing both the public and private healthcare systems is not bricks and mortar, it is a shortage of highly skilled doctors, nurses and midwives and that is where the soon to be formed Private Health CEO Forum needs to set much of its focus. This is something that will take an all of government and all of industry approach to resolve.”

“Another key finding of the report is that day procedures are outpacing overnight admissions. Between 2018-19 and 2022-23, the Compound Annual Growth Rate (CAGR) for overnight separations was 0.22% compared to 2.66% for same-day separations.”

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“Acceleration of day treatments is a positive outcome that signals clinicians are likely embracing new and innovative lower impact surgical practices that allow patients to quickly get back to the comfort of their own home, without the need to take up a hospital bed.”

“The shift away from overnight hospital settings needs to be carefully managed to ensure a smooth transition, with there being an opportunity to move more same day treatments presently done in overnight hospitals, to stand-alone same day facilities to drive efficiencies for patients.” Mr Koce said.

Media Queries

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