



Private Healthcare Australia
Better Cover. Better Access. Better Care.



Submission to the COVID-19 Response Inquiry

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About Private Healthcare Australia

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 21 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. Private health insurers provide benefits for over 14.7 million Australians.

Introduction

Private health insurance and the private health system it supports played a critical role in Australia's response to COVID-19. From the moment COVID-19 arrived in Australia and governments started restricting people's movements, health funds prioritised their members' health and wellbeing by:

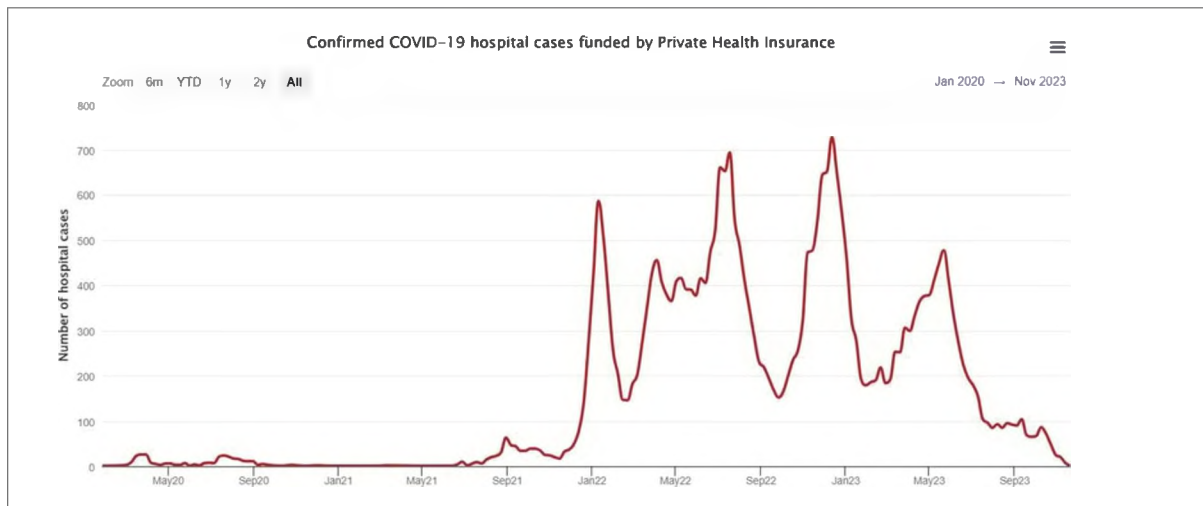
- Providing hardship assistance to people who could not afford premiums due to job losses, under-employment and sickness from COVID-19, so they could maintain insurance.
- Facilitating new ways for members to receive vital healthcare such as psychology and physiotherapy via telehealth so they could manage their health at home.
- Covering all members for in-hospital treatment due to COVID-19 and helping members access emergency dental procedures.
- Committing to return any profits from lower claims to members via deferred premiums and 'cash backs' among other methods.

Consumers have clearly valued the support of health funds during the pandemic. Since 2020, more than one million Australians have joined a health fund to help them access healthcare where and when they need it. As of December 2023, 14.7 million Australians have some form of health cover – 55% of the population. This continues to take pressure off our public health system as it recovers from the pandemic and catches up on delayed and deferred healthcare, especially elective surgery.

Provision of health services

Australia's health system would have collapsed without the support of health funds and the private health system during every stage of the pandemic. Our private system provided surge capacity during spikes in demand for acute care, it provided 'business as usual' healthcare such as maternity services, and it has absorbed a significant amount of the pent-up demand for surgery and mental health care partly stemming from delayed care and distress during lockdowns.

Since the beginning of the pandemic, health funds have paid more than \$285 million in benefits for 31,319 members with COVID-19 to receive hospital treatment. During the same period, health funds paid \$25 million in benefits for 2,696 members with Long COVID receiving hospital care. Most of this care occurred during 2022 and 2023. See graph below.



Of the patients who used their private health insurance while in hospital with COVID-19:

- The average age was 69.
- The average length of stay was 11.6 days.
- 771 or 2.5% were experiencing pregnancy complications due to COVID-19.
- 494 or 1.6% received intensive care unit treatment, including 155 (0.5%) who required continuous ventilation.
- 3,538 or 11% contracted COVID-19 while in hospital, prolonging their hospital stay.
- 27% were “high claims” where the cost of their care exceeded \$10,000.

Most of these people (48.8%) received care in New South Wales, followed by Queensland (19.7%), Victoria (19.2%), South Australia (6.1%), Western Australia (4.3%), Tasmania (1%), Australian Capital Territory (0.5%) and Northern Territory (0.2%).

As Australia’s public health system continues to recover from the challenges of the pandemic, health funds are supporting millions of Australians to receive care in the private system, taking pressure off public hospitals. In 2022-23, private health insurance paid for two out of three elective surgery procedures across Australia, including 57% of joint replacements. It also paid for 55% of hospital admissions for mental health care and 76% of rehabilitation admissions.

Commitment not to profit from the pandemic

In March 2020 it became clear that restrictions on people’s movements and the preservation of the health system for potential spikes in acute demand would cause health insurance claims to decrease for an uncertain period of time. This prompted health funds to make a public commitment to prioritise their members’ interests above all else with a public promise to return all savings to consumers.

In June 2020, the Australian Prudential Regulation Authority also issued guidance to insurers on calculating their Deferred Claims Liability to ensure funds would have adequate capital to meet the costs of services not performed due to restrictions but expected to occur later.

In December 2023, the Australian Competition and Consumer Commission confirmed that health funds had returned \$3.5 billion in funds to consumers up to 30 June 2023 and that they planned to return another \$840 million in permanent claims savings to members during 2023–24.

In its [Report to the Australian Senate](#), the ACCC noted that, “when including these planned givebacks, the combined figure for all insurer givebacks totals over \$4.3 billion, which exceeds the insurers’ combined assessed permanent claims savings of around \$4.1 billion”.

Health funds have provided their givebacks in different ways, including direct payments or “cashbacks” to members, premium relief such as deferred premium rises, hardship measures, and some coverage extensions for members.

Conclusion

Australian health funds played an essential role in helping millions of Australians stay well and access vital healthcare during the pandemic, and the private health system took pressure off the public system, freeing it up for those who needed it most. The private health insurance sector’s public commitment not to profit from the pandemic was unparalleled in Australia and demonstrates a genuine desire to prioritise members’ health over profits in the most uncertain of times. Health funds should be included in all future pandemic planning activities to ensure a smooth coordinated approach across Australia’s public-private health system. When Australia inevitably faces another pandemic, Australian governments can rely on health funds to work with them to act swiftly in the national interest.