

MEDIA RELEASE

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Patients missing out on private health benefits, new report card shows

Australian patients are being shortchanged by private health insurance companies, which are collecting significantly larger profits while returning a smaller proportion of premiums to customers.

The Australian Medical Association has today released its [2023 Private Health Insurance Report Card](#), which shows the rebates for identical procedures still vary wildly between insurers.

AMA President Professor Steve Robson encouraged consumers to carefully consider which private health insurance option is best for them, with a focus on products that deliver treatment they are most likely to need in the future.

“Our report card highlights the importance for consumers to look closely at their options, as the benefits can vary dramatically between insurers for the exact same product,” Professor Robson said.

“For the uncomplicated delivery of a baby, we uncovered a dramatic 30 per cent variation of rebates between the highest and lowest paying insurers. That is a staggering \$520 difference, which would understandably cause much frustration and confusion for patients when looking for insurance.”

Professor Robson said the report card also proved the need for a federal government mandate to be introduced that would require every insurer returns a minimum amount to patient care each year.

In 2022–23, gross insurer surplus from hospital insurance was about 18 per cent of hospital premiums paid — an increase of \$1.36 billion from the 2020–21 financial year.

However, the proportion of hospital insurance policy premiums returned to patients in the form of rebates and other benefits for hospital treatment fell to 81.6 per cent in 2022–23 — down from 88.02 per cent in 2018–19.

“The reality is the value many consumers receive from their private health insurance is declining, relative to the big profits insurers are making,” Professor Robson said.

“As our private hospital system covers 40 per cent of Australia’s hospitalisations and performs two out of three elective surgeries, it is crucial the private health insurance sector thrives, especially as more and more pressure is heaped on our public hospitals.

“However, there should be a mandated responsibility for all private health insurers to return a minimum amount of money that they receive back to their customers in the form of rebates and benefits.”

Professor Robson said while the proportion of Australians with private health cover has increased since the Covid-19 pandemic, so too as the complexity of the country’s health challenges, with an ageing population and higher prevalence of chronic health conditions. Amid the fallout from the pandemic, several smaller insurers were amalgamated into larger funds, however, the AMA’s report card shows management expenses and the profitability of the biggest for-profit private health insurers continued to grow over the past year.

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