

# MEDIA RELEASE

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## Reform needed to protect consumers and address issues in private health

Ahead of Tuesday's federal budget, the Australian Medical Association is calling for reform of the private health system to ensure it provides value for consumers, and for the establishment of a new independent authority to oversee the sector.

Federal AMA President Dr Danielle McMullen said a strong private hospital sector reduces demand on the public health system and provides patients with more choice and control over their healthcare, while encouraging innovation and improvement.

"But in recent years major issues have emerged in the system with some private hospitals facing financial distress and even closure, while patients face paying ever increasing insurance premiums only to receive reduced levels of coverage in exchange," Dr McMullen said.

"A massive 68 per cent of hospital policies now contain exclusions, which means Australians are paying more for less. And the ratio of premiums revenue being paid out by insurers to cover patients' treatment has dropped in recent years, and in 2024-25 was only 84 per cent."

The [AMA's 2026-27 pre-budget submission](#) is calling for the introduction of a minimum pay-out ratio of 90 per cent to provide a fairer deal for patients and private hospitals and encourage greater uptake of private insurance.

Dr McMullen said the AMA would also like to see funding for hospital-in-the-home services, through the introduction of a minimum payable benefit for these services in the private sector. This would be underpinned by legislative arrangements that enshrine patient safety, protect patient choice, and maintain clinical autonomy.

"We want to see clear rules providing greater uniformity of access for patients to innovative models of care, such as home rehabilitation and hospital-in-the-home," Dr McMullen said.

"We are starting to see some private health insurers introduce their own models but these funnel patients to the insurer's own services and this vertical integration ultimately restricts patient choice and access."

Dr McMullen said there also needed to be a rethink of how the system is managed.

"The AMA is calling for the establishment of an independent private health system authority to close gaps in the regulatory environment.

"An independent body would have the objectivity, and expertise to oversee reform while balancing the interests of patients, hospitals, insurers, and doctors," Dr McMullen said.

"It would bring together stakeholders to enact urgently needed reforms to safeguard the viability of private healthcare and knit together regulatory functions currently delivered by disparate departments and agencies, while removing government from its conflicted role of regulator and policy maker."

[Read the AMA's private health pre-budget submission.](#)

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