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MEDIA RELEASE

Private Health Insurance Premiums

Private Health Funds are forecast to inject an additional \$1 billion into Australia's health care system in 2010-11 bringing total expenditure on private health treatments to more than \$12 billion.

Today's premium adjustment by Health Minister Nicola Roxon acknowledges the increasing cost of health care and identifies an expected increase of 7.94% in expenditure by Funds on behalf of their 11.4 million members in the coming 12 months.

The average premium increase of 5.78% is necessary to ensure Private Health Funds can continue to pay for the provision of health care services and meet statutory prudential requirements.

While the Industry is aware that a premium change is never welcomed, most Australians understand that if benefits paid out on their behalf increase by 10%, there will need to be an increase in premiums, too.

The benefits paid by Private Health Funds during 2008-09 totalled **\$11 billion**, which was an increase of **10%** on the previous 12 months.

During 2008-09 the benefits paid on behalf of members included:

- \$8.2 billion for hospital treatment – an increase of 10.5% on the previous year;
- General Treatment Benefits totalled \$2.8 billion – an increase 8.7% on the previous year;
- Payment for prostheses totalled \$1.2billion - up 12.5%; and
- Payments for medical specialists totalled \$1.3 billion - up 9.7% on the previous year.

Source: *PHIAC Operations of the Private Health Insurers Annual Report 2008-09.*

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