



CHA endorses government action on private health insurers

Catholic Health Australia

Catholic Health Australia (CHA) strongly endorses the Federal Government's action to ensure private health insurers provide fair funding to patients and hospitals.

Health Minister Mark Butler has asked private health insurers to outline steps to increase their payout rate, which has dropped significantly in recent years while their profits have soared.

It comes after a long-running campaign by CHA for reforms to get insurers to pay their fair share to patients and hospitals delivering high-quality care.

"For several years health insurers have been making enormous profits and returning less to patients and hospitals," said Director of Health Policy Dr Katharine Bassett.

"This imbalance has put private hospitals under severe pressure and led to the closure of services across the country, heaping extra pressure onto the public system.

"The government is right to focus on ensuring patients are the priority in private health insurance. Australians who pay for private cover expect that their premiums will go towards funding their care, not boosting insurer profits."

Data released by APRA on Friday revealed private health insurers have amassed a substantial profit of \$581 million in the December 2024 quarter. Despite these profits, the industry as a whole is returning just 83 cents of every premium dollar paid by Australians for hospital services.

"This level of funding is totally unacceptable given the high cost of living and high costs of delivering care," said Dr Bassett. "Insurers' pay-out rates should be much closer to 90 per cent, which has been achieved in the past".

CHA is calling for the annual premium round process to be undertaken by an independent body such as the Independent Health and Aged Care Pricing Authority (IHACPA), to ensure premium increases accurately reflect the cost of delivering care. This would pave the way for a National Private Price for the private health sector. CHA is also calling for premium increases to be linked to how much insurers return to patients, to incentivise them to return more.

"CHA looks forward to continuing its positive engagement with the government to ensure a sustainable private health sector that works in the best interests of patients and healthcare providers," said Dr Bassett.

Media contacts:

Charlie Moore: 0452 606 171