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## **MEDIA RELEASE**

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### **2 million Aussies dump private health cover as prices soar**

As many as two million Australians have dumped their private health insurance in the past five years, new research shows, as millions more face further price hikes in the new year worth hundreds of dollars.

Medical Technology Association of Australia CEO Ian Burgess – who commissioned the research – said premium costs, value for money and out-of-pockets were by far the main reasons behind the mass exodus.

Mr Burgess said there was also bad news for the 11 million Australians still covered by private health insurance, with the cost of their policies set to increase between \$50 and \$300+ in 2020.

He said it was further proof the ‘Big 4’ health funds – Medibank, Bupa, HCF and NIB – were not passing on savings from recent medical device price cuts, which fell on average 14 per cent in recent years, saving insurers \$390 million.

“Over the past decade the ‘Big 4’ health insurers increased their premiums at a faster rate than national house prices, while banking billions in profits,” Mr Burgess said.

“This is despite the fact private health funds have not paid one extra cent for medical devices in recent years.

“Each of these two million Australians dumping their private health cover is an extra person joining our already overcrowded public hospital system.”

Mr Burgess said the Federal Government’s ongoing work trying to improve ‘value for money’, ‘affordability’ and ‘shopping around’ risked “coming to nothing” if younger generations and families continued to drop out of private health insurance because of ongoing price increases.

“The only answer left is for prices to go below zero next premium round. That means an actual premium decrease – not a ‘lower’ increase.

“It’s time for the government to step in and save private health from itself.”

Research undertaken by YouGov Galaxy for MTAA found an estimated 2.23 million Australians no longer held private health cover, despite previously being covered in the past five years.

Respondents nominated ‘cost of premiums’ (64%); ‘lack of value for money’ (50%); and ‘out of pockets’ (31%) as the leading reasons, compared with ‘prefer the public system’ (21%); ‘do not believe in private health insurance’ (11%); and no longer required or eligible due to ‘change in personal circumstances’ (11%) or ‘government rules’ (5%).

Mr Burgess said the findings gave a rare insight into the real “churn and burn” of private health insurance coverage and called for greater transparency in the figures released to the public.

Currently insurers and government only publicly release the ‘net’ change in coverage – the difference between the number of people signing up and dropping out – while keeping the total number of Australians cancelling health cover secret.

A recent Alpha Beta report identified \$1 billion worth of efficiencies that could reduce private health prices by up to 20 per cent within 3 years if government adopted them now.

	<b>2020 PHI Premium Increase (Avg)</b>	<b>\$1500</b>	<b>\$3000</b>	<b>\$5000</b>	<b>\$7500</b>	<b>\$10000</b>	<b>Past Decade (2010-2019)</b>
<b>Industry Avg</b>	2.92%	\$1,544	\$3,088	\$5,146	\$7,719	\$10,292	71%
<b>Medibank</b>	3.27%	\$1,549	\$3,098	\$5,164	\$7,745	\$10,327	72%
<b>Bupa</b>	3.26%	\$1,549	\$3,098	\$5,163	\$7,745	\$10,326	68%
<b>HCF</b>	3.39%	\$1,551	\$3,102	\$5,170	\$7,754	\$10,339	73%
<b>NIB</b>	2.90%	\$1,544	\$3,087	\$5,145	\$7,718	\$10,290	78%

*\*Source MTAA Analysis of Department of Health Data*

*All figures, unless otherwise stated, are from YouGov Galaxy Plc. Total sample size was 1042 adults. Fieldwork was undertaken between 28 Nov 19 – 1 Dec 19. The survey was carried out online. The figures have been weighted and are representative of all Australian adults (aged 18+). It found 1 in 4 (25%) of respondents previously held private health insurance, but no longer did – half of which (47%; 1 in 8 overall) reported dropping their health cover in the past 5 years. This equates to 2.23 million Australians.*

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