Private Health Insurance Quarterly Statistics

June 2017 (released 15 August 2017)
**Key metrics**

### Hospital treatment membership

- **Policies**
  - 30 June 2017: 5,518,792
  - 30 June 2016: 5,512,365

- **Insured persons**
  - 30 June 2017: 11,318,742
  - 30 June 2016: 11,328,577

- **Change**
  - % of population at 30 June 2017: 46.1%
    - ↓ -0.3% percentage points from 31 Mar 2017
  - % of population at 30 June 2017: 55.0%
    - ↓ -0.3% percentage points from 31 Mar 2017

- **Quarterly change**
  - ↓ -34,775 insured persons over the quarter
  - ↓ -19,476 insured persons over the quarter

### General treatment membership

- **Policies**
  - 30 June 2017: 6,592,023
  - 30 June 2016: 6,528,846

- **Insured persons**
  - 30 June 2017: 13,509,160
  - 30 June 2016: 13,426,697

- **Change**
  - ↑ 5.2% over the 12 months to June 2017
  - ↑ 2.5% compared to the June 2016 quarter
  - ↑ 17.2% over the 12 months to June 2017

### Hospital treatment episodes

- **Hospital treatment episodes**
  - 12 months to 30 June 2017: 4,587,233
  - 12 months to 30 June 2016: 4,409,709

### General treatment services (ancillary)

- **General treatment services (ancillary)**
  - 12 months to 30 June 2017: 89,888,928
  - 12 months to 30 June 2016: 88,766,617

### Benefits

- **Hospital treatment (Including HST)**
  - 12 months to 30 June 2017: $14,562
  - 12 months to 30 June 2016: $13,874

- **General treatment (CDMP)**
  - 12 months to 30 June 2017: $61
  - 12 months to 30 June 2016: $45

- **General treatment (ancillary)**
  - 12 months to 30 June 2017: $4,923
  - 12 months to 30 June 2016: $4,730

### Out-of-pocket per episode/service

- **Hospital treatment**
  - 30 June 2017: $268.92
  - 30 June 2016: $301.39

- **General treatment (ancillary)**
  - 30 June 2017: $47.73
  - 30 June 2016: $46.77

### Financial

- **Premium revenue**
  - 12 months to 30 June 2017: $23,066
  - 12 months to 30 June 2016: $22,061

- **Benefits**
  - 12 months to 30 June 2017: $19,616
  - 12 months to 30 June 2016: $18,812

- **Profit before tax**
  - 12 months to 30 June 2017: $1.825
  - 12 months to 30 June 2016: $1.557

- **Change**
  - ↑ 4.6% over the 12 months to June 2017
  - ↑ 4.3% over the 12 months to June 2017
  - ↑ 17.2% over the 12 months to June 2017
Hospital Treatment

At 30 June 2017, 11,318,742 people, or 46.1% of the population, were covered by hospital treatment cover. This was a drop of 0.3% in coverage compared to March 2017.

There was a decrease in coverage of 34,775 insured people in the June 2017 quarter. Single policies decreased by 221 and family policies by 8,270 during the quarter.

The largest decrease in coverage during the quarter was 12,267 for people aged between 20 and 24, and the largest net decrease (taking into account movement between age groups) was 17,685 for the 20 to 24 age group.

Lifetime health cover

The majority of adults with hospital cover (87.0%) have a certified age of entry of 30, with no penalty loading; a 0.2 percentage point increase compared to March 2017.

At the end of the June 2017 quarter, there were 1,065,264 people with a certified age of entry of more than 30 and subject to a Lifetime Health Cover loading; a net decrease in people paying a penalty over the preceding 12 months of 64,617. There was a net increase in people with a certified age of entry of 30 (with no penalty) over the year of 60,500. Over the year, 138,840 people had their loading removed after paying a loading for ten years.
General Treatment

At 30 June 2017, 13,509,160 people or 55.0% of the population had some form of general treatment cover. There was a decrease of 19,476 people when compared to the March 2017 quarter.

The decrease was driven by family policies (down 4,325), and was partially offset by an increase in single policies (up 8,253). For the 12 months to 30 June 2017, the number of insured persons with general treatment cover has increased by 82,463 with policies increasing by 63,977.

The general treatment (ancillary) by age charts and data in this report show data for those people that have general treatment policies covering ancillary services, regardless of other treatment included in the product. This excludes those general treatment policies that do not cover ancillary treatment.

There was a decrease of 26,726 people with general treatment (ancillary) coverage in the June 2017 quarter. The largest net decrease in coverage was 20,430 for people in the 20 to 24 age group.

General Treatment tables (ancillary)

<table>
<thead>
<tr>
<th></th>
<th>Aust.</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>SA</th>
<th>WA</th>
<th>TAS</th>
<th>ACT</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured</td>
<td>55.0%</td>
<td>57.2%</td>
<td>49.4%</td>
<td>49.4%</td>
<td>59.4%</td>
<td>69.7%</td>
<td>51.4%</td>
<td>67.1%</td>
<td>44.4%</td>
</tr>
<tr>
<td>Not insured</td>
<td>45.0%</td>
<td>42.8%</td>
<td>50.6%</td>
<td>50.6%</td>
<td>40.6%</td>
<td>30.3%</td>
<td>48.6%</td>
<td>32.9%</td>
<td>55.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th>TAS</th>
<th>ACT</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>5,939,549</td>
<td>1,889,663</td>
<td>1,279,132</td>
<td>1,074,371</td>
<td>459,781</td>
<td>852,643</td>
<td>117,579</td>
<td>116,746</td>
<td>50,434</td>
</tr>
<tr>
<td>Female</td>
<td>6,353,736</td>
<td>2,199,068</td>
<td>1,376,834</td>
<td>1,185,116</td>
<td>501,938</td>
<td>890,107</td>
<td>130,964</td>
<td>127,334</td>
<td>52,375</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>48.8%</td>
<td>48.3%</td>
<td>51.1%</td>
<td>46.9%</td>
<td>48.6%</td>
<td>48.6%</td>
<td>49.1%</td>
<td>49.4%</td>
<td>48.0%</td>
</tr>
<tr>
<td>Family</td>
<td>51.2%</td>
<td>51.7%</td>
<td>48.9%</td>
<td>53.1%</td>
<td>51.4%</td>
<td>51.4%</td>
<td>50.9%</td>
<td>50.6%</td>
<td>52.0%</td>
</tr>
</tbody>
</table>
During the June 2017 quarter, insurers paid $3,741 million in hospital treatment benefits, an increase of 7.5% compared to the March 2017 quarter. Hospital treatment benefits were comprised of:

◊ $2,637 million for hospital services such as accommodation and nursing
◊ $573 million for medical services
◊ $531 million for prostheses items.

The age group for which most hospital benefits are paid is between 60 and 79 (top chart). Total benefits by age group is affected by the average benefits paid per person (displayed in the second chart) and the number of people in each age group. Older age groups have a higher claiming rate. The rise in benefits in the 20–39 age cohorts is due to increases in female benefits associated with child bearing.

For the 12 month period ending 30 June, average hospital benefits per person increased from $1,225 for the year ending June 2016 to $1,289 for the year ending June 2017. The largest amount of benefits per person was spent on hospital accommodation and nursing, followed by medical and prostheses benefits.
General treatment

Benefits per service

<table>
<thead>
<tr>
<th>Service</th>
<th>Jun 2017</th>
<th>Change from March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental</td>
<td>$64</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Chiropractic</td>
<td>$31</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Physiotherapy</td>
<td>$36</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Optical</td>
<td>$76</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

During the June 2017 quarter, insurers paid $1,229 million in general treatment (ancillary) benefits. This was a decrease of 7.0% compared to the March 2017 quarter. Ancillary benefits for the June 2017 quarter included the major categories of:

◊ Dental $655 million
◊ Optical $190 million
◊ Physiotherapy $109 million
◊ Chiropractic $76 million.

There is a marked difference between the distribution of benefits over age groups between hospital benefits and ancillary benefits. The major difference is the higher claiming rate in older age groups for hospital benefits while benefits per person for ancillary benefits are more evenly spread over the age groups.

General treatment (ancillary) benefits per person during the year to June 2017 were $400, increasing from $387 for the year to June 2016. The largest component of ancillary benefits is dental, for which $212 was paid per insured.
Medical benefits

Total benefits for medical services increased 6.2% during the June quarter 2017, with a decrease of 0.2% in the amount of benefits paid per service.

The change in medical benefits paid per service was calculated over a range of medical services and does not mean medical services overall decreased or increased in cost. The average benefits paid reflects the type of medical services utilised during the quarter as well as the volume of services. The medical service for which the greatest amount of benefits was paid was anaesthetics, comprising 24.2% of all medical benefits and totalling $139 million.

Prostheses benefits

Total benefits paid for prostheses increased by 7.5% in June 2017 compared to the March quarter 2017. Similar to medical services, the change in benefits paid for prostheses was calculated over a range of prosthetics (see chart) and does not mean prostheses overall changed in cost. The change in benefits paid may reflect a change in the type of prosthetics utilised, or a change in the overall utilisation of prosthetics. The prosthetic group for which the greatest amount of benefits were paid was cardiac, comprising 17.3% of all prosthetic benefits and totalling $92 million.
Hospital utilisation is distributed over four categories of hospital—public, private, day only facilities and hospital-substitute. During the June 2017 quarter, hospital episodes were distributed as follows:

- Public hospitals: 209,436 episodes
- Private hospitals: 755,024 episodes
- Day hospital facilities: 161,077 episodes
- Hospital substitute: 49,977 episodes.

For the June 2017 quarter, hospital utilisation (measured in episodes) increased by 6.7%. This was driven by increases in all hospital settings. Episodes in all hospital settings also increased over the year.

During the June 2017 quarter, insurers paid benefits for 3.03 million days in hospital, arising from 1.18 million hospital episodes of care.

Day-only episodes in the four categories of hospital totalled 778,051, an increase of 7.9% compared to the March 2017 quarter.
Out-of-pocket payments

Average out-of-pocket per episode/service

<table>
<thead>
<tr>
<th>Service</th>
<th>June 2017</th>
<th>Change from Mar 17</th>
<th>Change from Jun 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital treatment</td>
<td>$298.92</td>
<td>-6.0%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Hospital-substitute treatment</td>
<td>$6.41</td>
<td>29.2%</td>
<td>63.0%</td>
</tr>
<tr>
<td>General treatment ancillary</td>
<td>$47.73</td>
<td>0.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Medical gap where gap was paid</td>
<td>$155.72</td>
<td>4.7%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

The average out-of-pocket (gap) payment for a hospital episode was $299 in the June 2017 quarter. This included out-of-pocket payments for medical services, in addition to any excess or co-payment amounts relating to hospital accommodation.

The out-of-pocket payments for hospital episodes decreased by 0.8% compared to the same quarter for the previous year. Out-of-pocket payments for medical services were $156 where an out-of-pocket payment was payable. The amount of gap for medical services varies depending on the specialty group. The specialty group with the largest out-of-pocket payment was plastic/reconstructive with an average gap of $376, followed by orthopaedic with an average gap per service of $334. Gap incurred for the various medical services is displayed in the first chart. Medical gap also varies by state and territory and these differences are shown in the bottom chart.
## Financial Information

### Financial Performance

<table>
<thead>
<tr>
<th>All Figures $’000</th>
<th>12 months to June 2017</th>
<th>12 months to June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIB premium revenue</td>
<td>23,066,402</td>
<td>22,060,529</td>
</tr>
<tr>
<td>Net investment income</td>
<td>545,121</td>
<td>290,473</td>
</tr>
<tr>
<td>Net HRB revenue</td>
<td>129,044</td>
<td>99,552</td>
</tr>
<tr>
<td>Net other operational revenue</td>
<td>43,916</td>
<td>46,027</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>23,784,483</td>
<td>22,406,581</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund benefits</td>
<td>19,615,831</td>
<td>18,812,241</td>
</tr>
<tr>
<td>State ambulance levies</td>
<td>220,097</td>
<td>213,416</td>
</tr>
<tr>
<td><strong>Total fund benefits</strong></td>
<td>19,835,928</td>
<td>19,025,657</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIB expenses</td>
<td>1,654,233</td>
<td>1,507,631</td>
</tr>
<tr>
<td>HIB claims handling</td>
<td>393,321</td>
<td>372,766</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>76,016</td>
<td>33,410</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>2,123,571</td>
<td>1,913,807</td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax</strong></td>
<td>1,824,983</td>
<td>1,957,116</td>
</tr>
<tr>
<td><strong>Profit/(loss) after tax</strong></td>
<td>1,659,960</td>
<td>1,611,874</td>
</tr>
<tr>
<td><strong>Margins</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>14.01%</td>
<td>13.76%</td>
</tr>
<tr>
<td>HIB expenses</td>
<td>8.88%</td>
<td>8.52%</td>
</tr>
<tr>
<td>Net margin</td>
<td>5.13%</td>
<td>5.23%</td>
</tr>
</tbody>
</table>

Health Insurance Business (HIB) premium revenue was up 4.6% for the year to June 2017, while total fund benefits increased by 4.3%. As a result, gross margin increased from 13.8% to 14.0%.

Net investment income increased from $290 million in the year ending June 2016 to $545 million in the year ending June 2017.

HIB expenses as a percentage of revenue grew from 8.5% to 8.9%. As a result, net margin decreased from 5.2% to 5.1%.

Net profit after tax was $1.4 billion for the year ended June 2017, compared with $1.2 billion for the previous 12 months.
The industry held total assets of $13.8 billion as at 30 June 2017.

Total assets have increased by $978 million in the last 12 months.

Total liabilities reported by the industry have increased by $321 million over the year.

Total net assets increased from $7.1 billion in June 2016 to $7.8 billion in June 2017.
Notes on statistics

Source of data

On 1 July 2015, supervisory responsibilities were transferred from Private Health Insurance Administration Council (PHIAC) to APRA under the Private Health Insurance (Prudential Supervision) Act 2015.

This publication is compiled primarily from regulatory returns submitted to APRA under the Financial Sector Collection of Data Act 2001 by authorised Private Health Insurance companies. Prior to 1 July 2015, PHIAC collected data from Private Health Insurers.

The population figures used to calculate coverage are derived from: Australian Bureau of Statistics, Australian Demographic Statistics, ABS cat no. 3101.0, ABS, Canberra.

The Dec 2016 quarterly release of Australian Demographic Statistics contains the most recent estimates of the resident populations (ERP) of Australia and the states and territories based on the results of the 2016 Census of Population and Housing held on 9 August 2016. For more information refer to the publication at the ABS website.

Net change by five year age group is the actual change adjusted for the number of people moving into the cohort and out of the cohort due to ageing. The calculation makes the simplifying assumption that the number of people are evenly distributed over each year within the five year age group.

Lifetime Health Cover is a financial loading (LHC loading) that can be payable in addition to the premium for your private health insurance hospital cover (hospital cover). LHC loadings apply only to hospital cover. The loading is 2% above the base rate for each year over the age of 30 in which the policy holder did not have private health insurance hospital cover. After ten years of paying the loading the loading is removed.

Starting from 1 April 2007, general treatment policies replaced ancillary policies. General treatment policies cover treatment similar to that previously known as ancillary (eg. dental) but can also cover hospital-substitute treatment and Chronic Disease Management Programs.
### Quarterly publications


These include:

**Membership Statistics**

A publication which details by State the number of insured persons for hospital treatment and general treatment and the proportion of the population these persons represent. The tables are shown on both a quarterly and an annual basis and include hospital treatment by age cohort.

**Medical Gap Information**

A publication on in-hospital medical services. The proportion of services for which there was no gap or known gap and the average gap payment are shown for each state.

**Private Health Insurance Membership and Benefits (formerly PHIAC A report)**

A publication detailing by State, the membership and benefits paid by private health insurers for the period. These State reports are available both in PDF format and Excel.

**Prostheses Report**

A report providing data on prosthetic benefits paid by private health insurers by major prosthetic category.

**Medical Services Report**

A report providing data on services, benefits paid and gap payments by MBS Specialty Block Groupings for medical services paid by private health insurers.

**Statistical Trends - Quarterly Statistical trends in membership and benefits paid**

These are two separate publications detailing trends since September 1997 in the number of insured persons and benefits paid for hospital and general treatment.

### Annual publications

APRA will continue to produce an Annual Report on the Operations of the Private Health Insurance Industry. This report contains an industry overview and tables of statistics by individual fund. Current and historical versions are available at:

**Operations of Private Health Insurers Annual Report**
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