



# STATISTICS

## Quarterly Private Health Insurance Statistics

March 2018 (released 17 May 2018)

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### Forthcoming issues

This publication will be released according to the timetable published on the APRA website.

### Revisions

This publication will include revisions to previously published statistics if better source data becomes available or if compilation errors are uncovered.

APRA regularly analyses past revisions to identify potential improvements to the source data and statistical compilation techniques, in order to minimise the frequency and scale of any future revisions.

### Rounding

Details on tables may not add up to totals due to rounding of figures.

### Enquiries

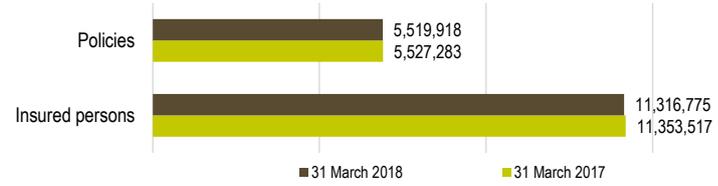
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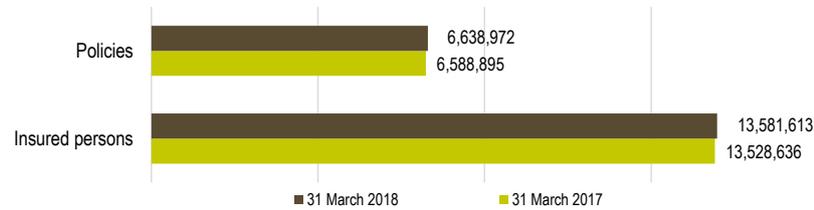
# Key metrics

## Hospital treatment membership



**45.5%** of population at 31 March 2018  
 ↓ **-0.1%** percentage points from 31 Dec 2017  
 ↑ **10,481** insured persons over the quarter

## General treatment membership



**54.6%** of population at 31 March 2018  
 ↓ **0.0%** percentage points from 31 Dec 2017  
 ↑ **46,792** insured persons over the quarter

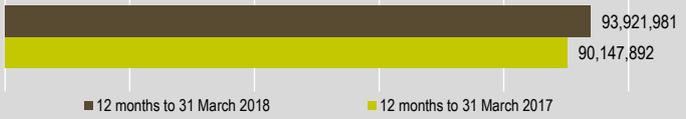
## Hospital treatment episodes

↑ **1.4%** over the 12 months to March 2018  
 ↓ **-4.7%** compared to the December 2017 quarter

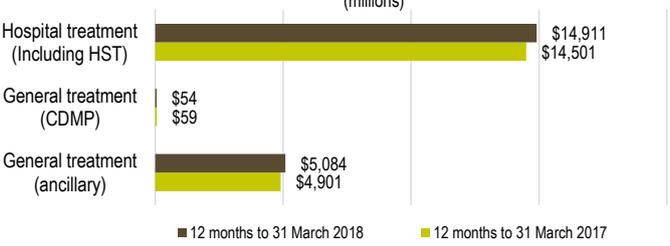
↑ **4.2%** over the 12 months to March 2018  
 ↑ **5.1%** compared to the December 2017 quarter



## General treatment services (ancillary)



## Benefits



↑ **2.8%** over the 12 months to March 2018  
 ↑ **2.9%** compared to the March 2017 quarter

↑ **3.7%** over the 12 months to March 2018  
 ↑ **3.4%** compared to the March 2017 quarter

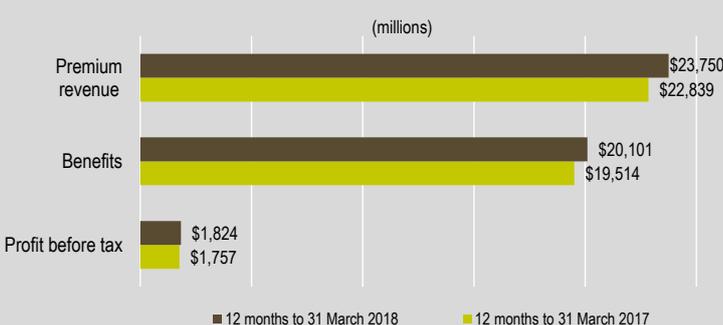
## Out-of-pocket per episode/service

↓ **-0.4%** over the 12 months to March 2018

↑ **0.3%** over the 12 months to March 2018



## Financial



↑ **4.0%** over the 12 months to March 2018

↑ **3.0%** over the 12 months to March 2018

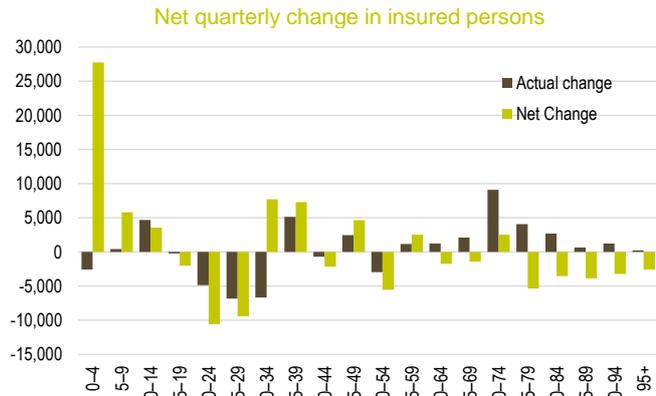
↑ **3.9%** over the 12 months to March 2018

## Hospital Treatment

At 31 March 2018, 11,316,775 people, or 45.5% of the population, were covered by hospital treatment cover. This was a drop of 0.1 percentage points in coverage compared to December 2017.

There was an increase in coverage of 10,481 insured people in the March 2018 quarter. Family policies increased by 4,421 while single policies rose by 3,262 during the quarter.

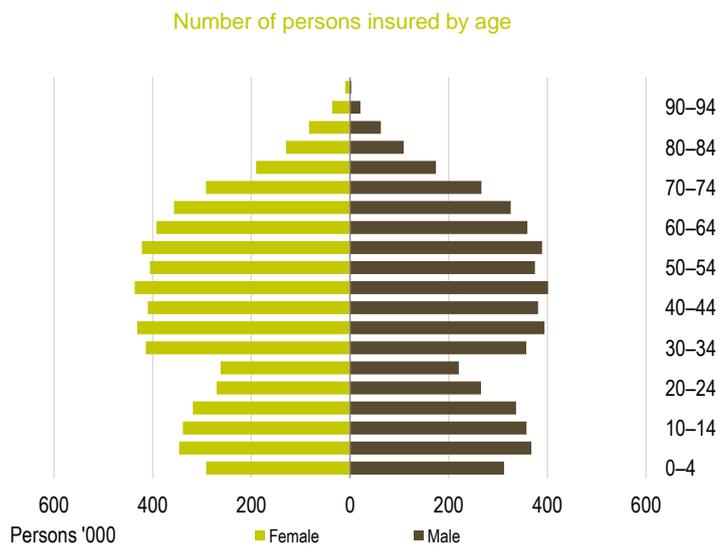
The largest increase in coverage during the quarter was 9,098 for people aged between 70 and 74, and the largest net increase (taking into account movement between age groups) was 27,738 for the 0 to 4 age group.



## Lifetime health cover

The majority of adults with hospital cover (87.8%) have a certified age of entry of 30, with no penalty loading; a 0.3 percentage points increase compared to December 2017.

At the end of the March 2018 quarter, there were 997,045 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 87,571. There was a net increase in people with a certified age of entry of 30 (with no penalty) over the year of 68,060. Over the year, 147,463 people had their loading removed after paying a loading for ten years.



State/Territory	Insured persons (%)	Non insured persons (%)	Total insured (Male/Female)	Policy split (Single/Family)
Aust.	45.5%	54.5%	5,480,400 / 5,836,375	48.2% / 51.8%
NSW	46.7%	53.3%	1,803,334 / 1,914,374	48.2% / 51.8%
VIC	42.0%	58.0%	1,301,766 / 1,400,059	50.6% / 49.4%
QLD	42.6%	57.4%	1,025,936 / 1,098,503	45.8% / 54.2%
SA	45.3%	54.7%	376,811 / 407,768	48.0% / 52.0%
WA	54.9%	45.1%	703,741 / 724,082	47.2% / 52.8%
TAS	43.9%	56.1%	109,245 / 120,686	48.3% / 51.7%
ACT	55.6%	44.4%	110,706 / 120,590	48.6% / 51.4%
NT	40.3%	59.7%	48,861 / 50,313	47.5% / 52.5%

## General Treatment

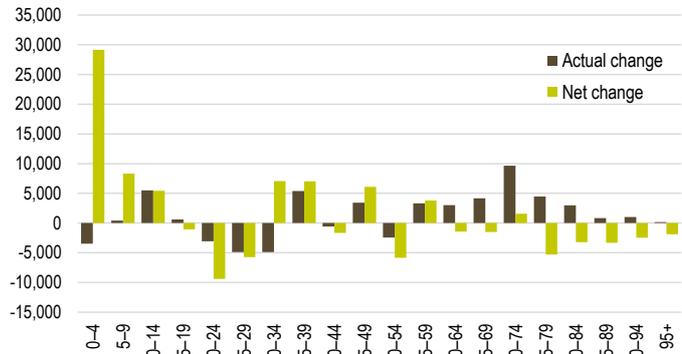
At 31 March 2018, 13,581,613 people or 54.6% of the population had some form of general treatment cover. There was an increase of 46,792 people when compared to the December 2017 quarter.

The increase was mainly driven by single policies (up 17,807). For the 12 months to 31 March 2018, the number of insured persons with general treatment cover has increased by 52,977 with policies increasing by 50,077.

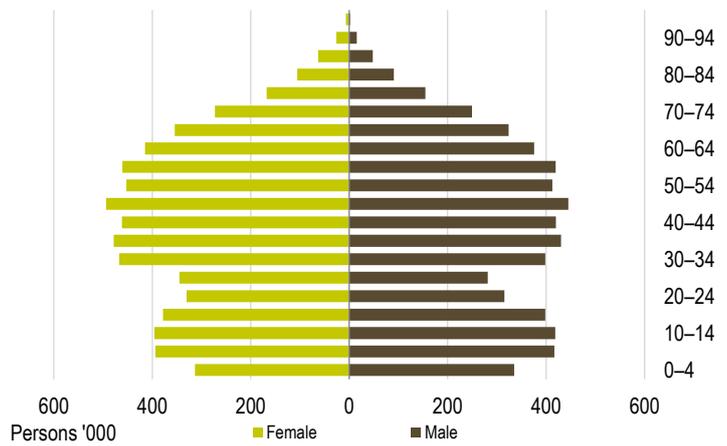
The general treatment (ancillary) by age charts and data in this report show data for those people that have general treatment policies covering ancillary services, regardless of other treatment included in the product. This excludes those general treatment policies that do not cover ancillary treatment.

There was an increase of 25,563 people with general treatment (ancillary) coverage in the March 2018 quarter. The largest net increase in coverage, after accounting for movements across age groups, was 29,128 for people in the 0 to 4 age group.

Net quarterly change in insured persons (ancillary)



Number of persons insured by age (ancillary)



General treatment tables (ancillary)

State/Territory	Insured vs Not Insured		Total Insured		Policy Type	
	Insured persons	Not insured persons	Male	Female	Single policies	Family policies
Aust.	54.6%	45.4%	5,950,792	6,381,427	48.9%	51.1%
NSW	56.8%	43.2%	1,996,971	2,121,005	48.4%	51.6%
VIC	48.8%	51.2%	1,283,400	1,385,422	51.1%	48.9%
QLD	48.8%	51.2%	1,072,273	1,166,259	47.1%	52.9%
SA	59.4%	40.6%	461,631	504,814	48.8%	51.2%
WA	69.3%	30.7%	852,086	892,093	48.7%	51.3%
TAS	51.1%	48.9%	117,125	130,924	49.4%	50.6%
ACT	66.8%	33.2%	117,292	128,571	49.4%	50.6%
NT	44.3%	55.7%	50,014	52,339	48.4%	51.6%

# Benefits Paid

## Hospital treatment

### Benefits per episode/service

	March 2018	Change from December 2017
Hospital Treatment		
Acute	\$2,262	-2.4%
Medical	\$61	0.1%
Prostheses	\$726	-5.0%
Cardiac	\$4,740	-8.3%
Hip	\$1,826	-2.9%
Knee	\$1,915	-1.8%
Total benefits and growth rate		
Hospital	\$3,578,765,029	-7.6%
General	\$1,380,475,905	6.1%

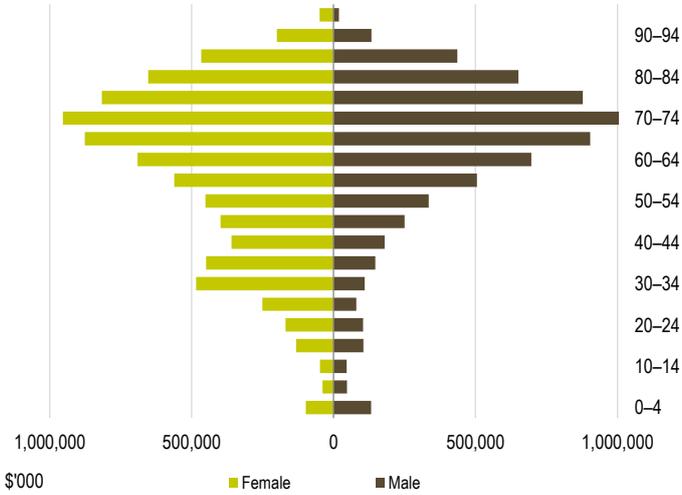
During the March 2018 quarter, insurers paid \$3,579 million in hospital treatment benefits, a decrease of 7.6% compared to the December 2017 quarter. Hospital treatment benefits were comprised of:

- ◇ \$2,535 million for hospital services such as accommodation and nursing
- ◇ \$558 million for medical services
- ◇ \$486 million for prostheses items.

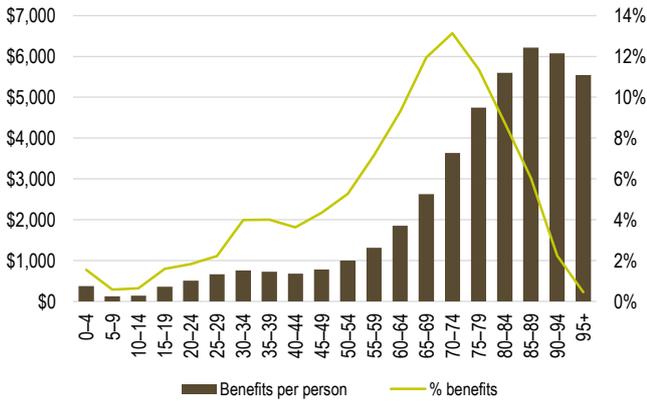
The age group for which most hospital benefits are paid is between 60 and 79 (top chart). Total benefits by age group is affected by the average benefits paid per person (displayed in the second chart) and the number of people in each age group. Older age groups have a higher claiming rate. The rise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

Average hospital benefits per person increased from \$1,277 for the year ending March 2017 to \$1,318 for the year ending March 2018. The largest amount of benefits per person was spent on hospital accommodation and nursing, followed by medical and prostheses benefits.

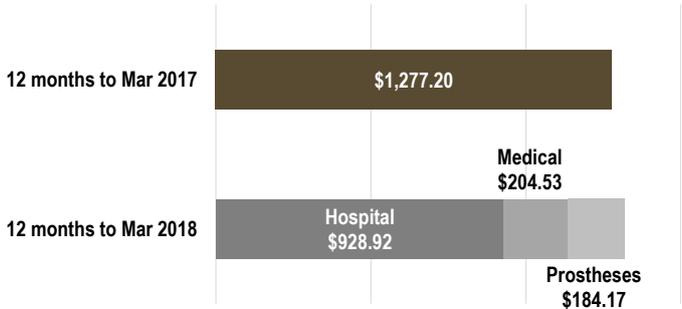
### Hospital treatment benefits paid by age 12 months to 31 March 2018



### Hospital treatment benefits per person covered and percentage of benefits paid by age cohort



### Hospital treatment benefits per person



**General treatment**

**Benefits per service**

	March 2018	Change from December 2017
Dental	\$68	4.6%
Chiropractic	\$33	11.0%
Physiotherapy	\$38	8.4%
Optical	\$77	3.6%

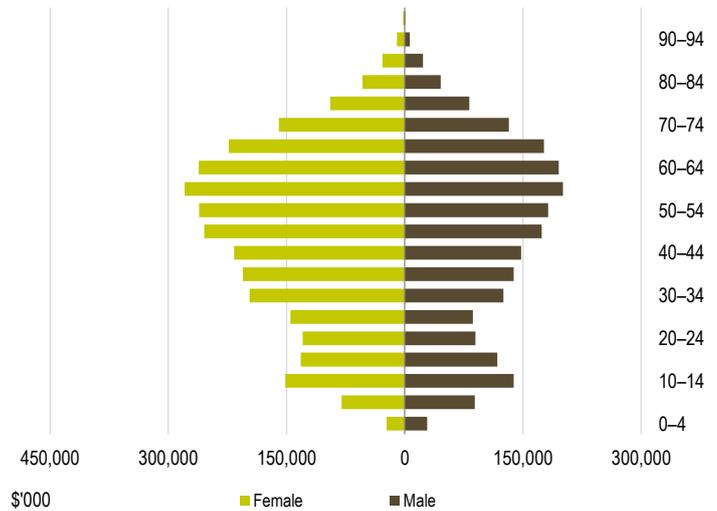
During the March 2018 quarter, insurers paid \$1,367 million in general treatment (ancillary) benefits. This was an increase of 6.2% compared to the December 2017 quarter. Ancillary benefits for the March 2018 quarter included the major categories of:

- ◇ Dental \$705 million
- ◇ Optical \$250 million
- ◇ Physiotherapy \$114 million
- ◇ Chiropractic \$81 million.

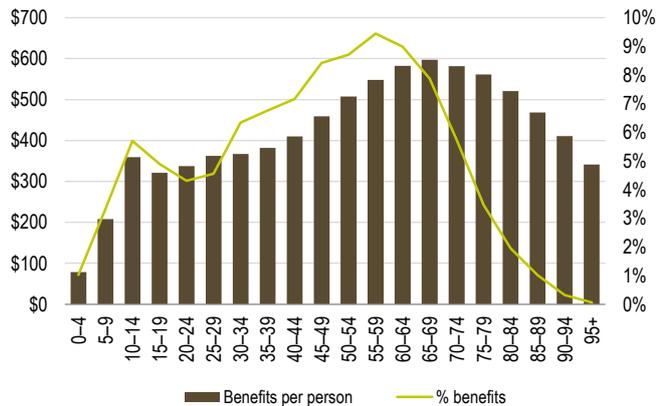
There is a marked difference between the distribution of benefits over age groups between hospital benefits and ancillary benefits. The major difference is the higher claiming rate in older age groups for hospital benefits while benefits per person for ancillary benefits are more evenly spread over the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

General treatment (ancillary) benefits per person during the year to March 2018 were \$412, increasing from \$398 for the year to March 2017. The largest component of ancillary benefits is dental, for which \$217 was paid per insured.

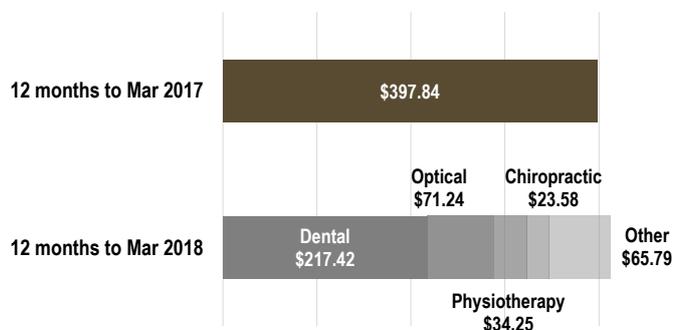
**General treatment benefits paid by age 12 months to 31 March 2018 (ancillary)**



**General treatment benefits per person covered and percentage of benefits paid by age cohort (ancillary)**



**General treatment benefits per person (ancillary)**



**Medical benefits**

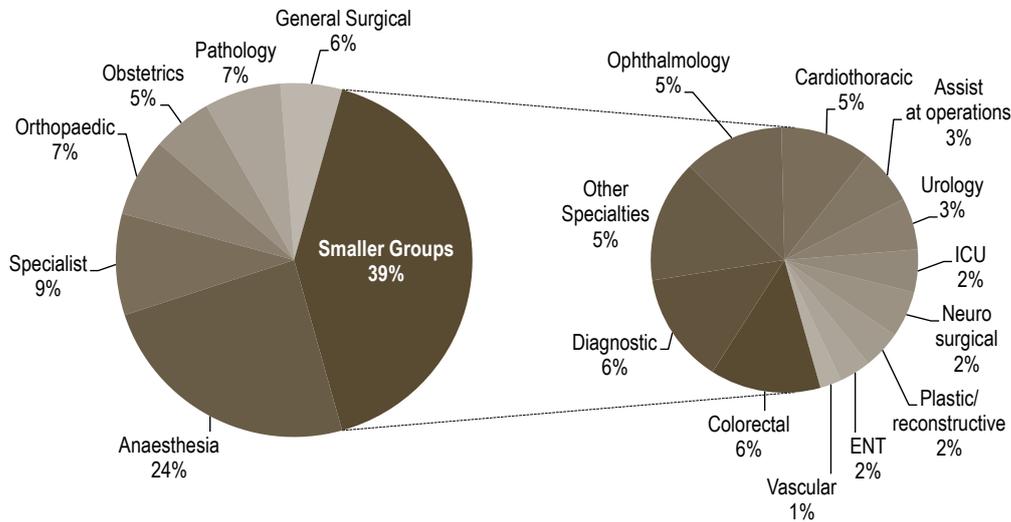
Total benefits for medical services decreased 5.3% during the March quarter 2018, with a 5.4% decrease in the number of services.

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 24.3% of all medical benefits and totalling \$136 million.

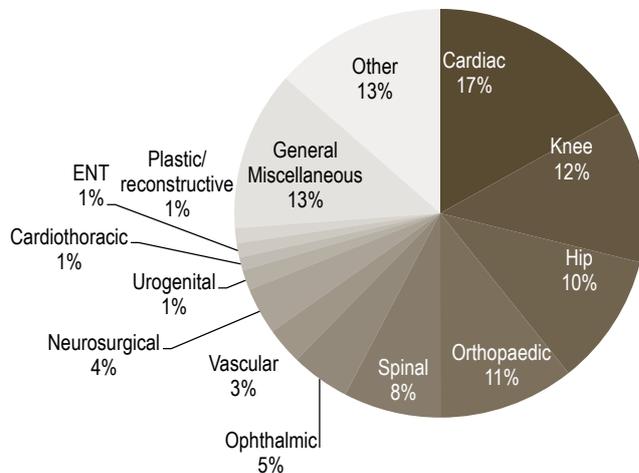
**Prostheses benefits**

Total benefits paid for prostheses decreased by 13.0% in the March quarter 2018 compared to the December 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 16.9% of all prosthetic benefits and totalling \$82 million.

**Medical benefits by Speciality group**



**Benefits paid for prostheses**



## Service utilisation

### Episodes/Services by type

	March 2018	Change from December 2017
Hospital Episodes	1,121,084	-4.7%
Hospital Days	2,883,963	-4.7%
Medical Services	9,114,252	-5.4%
Prostheses Items	668,757	-8.4%
Specialist Orthopaedic	123,035	-5.5%
Ophthalmic	77,826	-11.2%
Spinal	48,647	-8.8%
General Treatment	24,482,307	5.1%
Dental	10,348,710	-0.3%
Chiropractic	2,450,937	15.2%
Physiotherapy	3,002,839	11.0%
Optical	3,251,935	-5.3%

Hospital utilisation is distributed over four categories of hospital—public, private, day only facilities and hospital-substitute. During the March 2018 quarter, hospital episodes were distributed as follows:

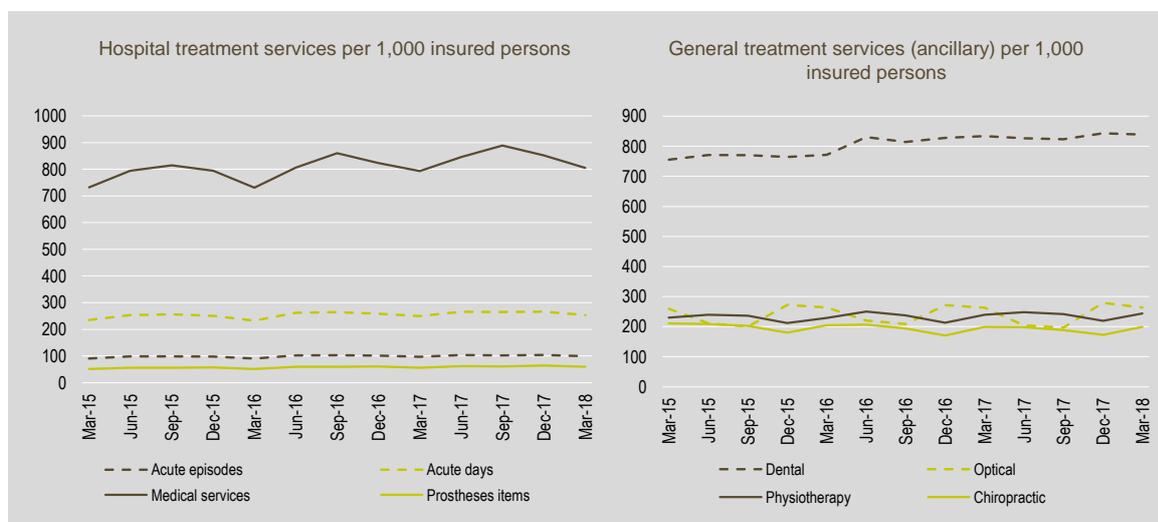
- ◇ public hospitals 208,447 episodes
- ◇ private hospitals 719,961 episodes
- ◇ day hospital facilities 145,788 episodes
- ◇ hospital substitute 46,888 episodes.

For the March 2018 quarter, hospital utilisation (measured in episodes) decreased by 4.7%, driven by decreases in all hospital settings except in public hospitals. In the year ending March 2018, episodes in all hospital settings increased except in day hospital facilities compared with the previous 12 months.

During the March 2018 quarter, insurers paid benefits for 2.88 million days in hospital, arising from 1.12 million hospital episodes of care.

	Quarter change	Year change
◇ public hospitals	↑ 3.9%	↑ 0.9%
◇ private hospitals	↓ -6.4%	↑ 2.0%
◇ day hospital facilities	↓ -8.0%	↓ -1.0%
◇ hospital-substitute	↓ -1.7%	↑ 2.0%

Day-only episodes in the four categories of hospital totalled 736,937, an increase of 5.6% compared to the December 2017 quarter.



# Out-of-pocket payments

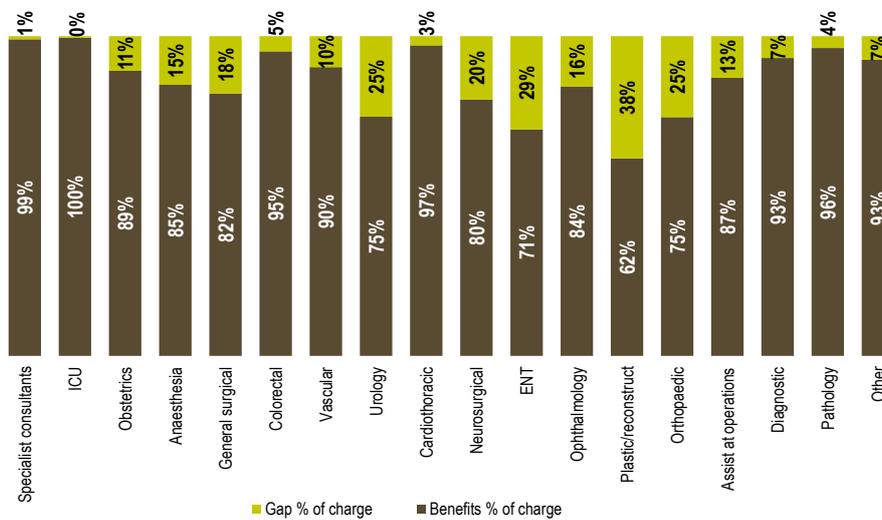
## Average out-of-pocket per episode/service

	March 2018	Change from Dec 17	Change from Mar 17
Hospital treatment	\$316.57	8.6%	-0.4%
Hospital-substitute treatment	\$8.95	8.4%	80.4%
General treatment ancillary	\$47.85	-2.2%	0.3%
Medical gap where gap was paid	\$166.98	1.0%	12.3%

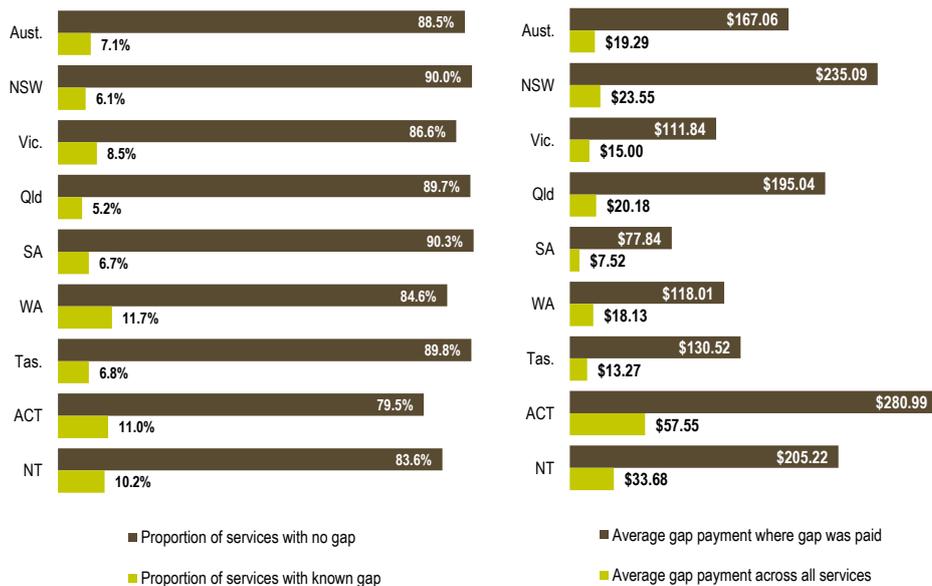
The out-of-pocket payments for hospital episodes decreased by 0.4% compared to the same quarter for the previous year. Out-of-pocket payments for medical services were \$167 where an out-of-pocket payment was payable. The amount of gap for medical services varies depending on the specialty group. The specialty group with the largest out-of-pocket payment was plastic/reconstructive with an average gap of \$403. 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.

The average out-of-pocket (gap) payment for a hospital episode was \$317 in the March 2018 quarter. This included out-of-pocket payments for medical services, in addition to any excess or co-payment amounts relating to hospital accommodation.

## Medical benefits and out-of-pocket by specialty group



## Proportion of services and average out-of-pocket payments



## Financial information

### Financial Performance

All Figures \$'000	12 months to March 2018	12 months to March 2017
<b>Revenue</b>		
HIB premium revenue	23,750,129	22,839,309
Net investment income	425,595	524,910
Net HRB revenue	137,138	123,681
Net other operational revenue	52,929	50,976
<b>Total revenue</b>	<b>24,365,791</b>	<b>23,538,875</b>
<b>Benefits</b>		
Fund benefits	20,100,830	19,513,726
State ambulance levies	225,896	218,402
<b>Total fund benefits</b>	<b>20,326,726</b>	<b>19,732,127</b>
<b>Expenses</b>		
HIB expenses	1,743,471	1,615,325
HIB claims handling	393,973	394,285
Non-operating expenses	77,407	40,572
<b>Total expenses</b>	<b>2,214,852</b>	<b>2,050,182</b>
<b>Profit of the industry</b>		
Profit/(loss) before tax	1,824,213	1,756,566
Taxation expense	440,976	408,937
<b>Profit/(loss) after tax</b>	<b>1,383,237</b>	<b>1,347,630</b>
<b>Margins</b>		
Gross margin	14.41%	13.60%
HIB expenses	9.00%	8.80%
Net margin	5.41%	4.81%

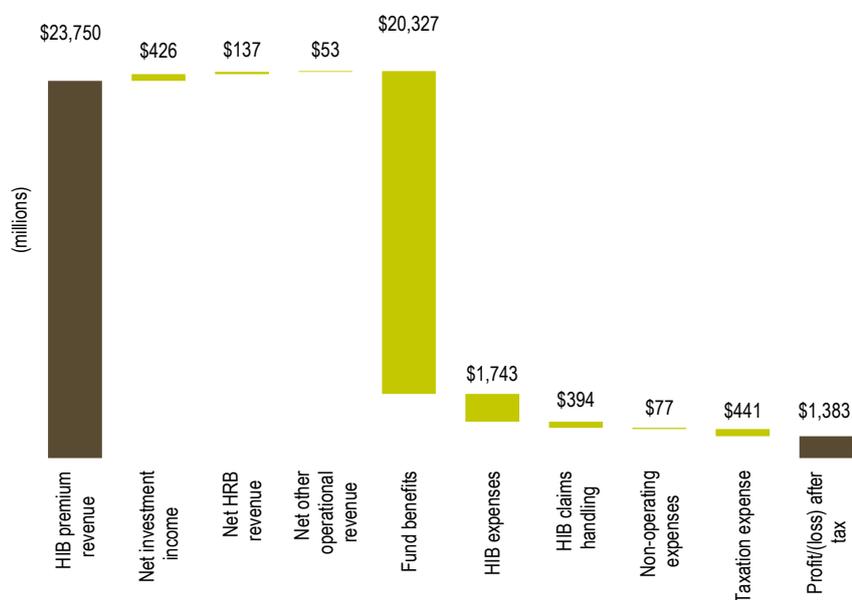
Health Insurance Business (HIB) premium revenue was up 4.0% for the year to March 2018, while total fund benefits increased by 3.0%. As a result, gross margin increased from 13.6% to 14.4%.

Net investment income decreased from \$525 million in the year ending March 2017 to \$426 million in the year ending March 2018.

HIB expenses as a percentage of revenue grew from 8.8% to 9.0%. Net margin increased from 4.8% to 5.4%, with the increase in gross margin more than offsetting the increase in HIB expenses ratio.

Net profit after tax was \$1.38 billion for the year ended March 2018, compared with \$1.35 billion for the previous 12 months.

Health Benefits Fund Profit After Tax Breakdown for 12 months to March 2018



## Prudential Position

All figures \$'000	March 2018	December 2017	March 2017
<b>Assets</b>			
Cash	1,202,942	941,763	1,178,332
Investments			
Equities	1,389,205	1,408,992	1,517,199
Interest bearing assets	8,274,618	7,798,500	7,606,426
Property	610,268	580,006	528,385
Subsidiary and associated entities	282,865	281,813	257,828
Loans	25,153	29,725	26,973
Receivables	58,511	57,848	70,861
Intangibles DAC and FITBS	848,243	836,091	772,278
Pre-paid expenses	53,923	51,748	42,681
Other*	1,636,608	1,336,351	1,627,765
<b>Total assets</b>	<b>14,382,336</b>	<b>13,322,837</b>	<b>13,628,729</b>
<b>Liabilities</b>			
Unearned premium liabilities	3,290,230	2,357,945	3,185,911
Unpresented & outstanding claims	2,106,633	1,927,954	1,971,942
Other fund liabilities	165,673	166,425	190,654
Interest bearing liabilities	32,689	33,290	33,519
Payables, provisions & other liabilities	852,072	760,433	755,547
<b>Total liabilities</b>	<b>6,447,298</b>	<b>5,246,047</b>	<b>6,137,572</b>
<b>Total assets minus total liabilities</b>	<b>7,935,038</b>	<b>8,076,790</b>	<b>7,491,157</b>

The industry held total assets of \$14.4 billion as at 31 March 2018.

Total assets have increased by \$754 million in the last 12 months.

Total liabilities reported by the industry have increased by \$310 million over the year.

Total net assets increased from \$7.5 billion in September 2016 to \$7.9 billion in March 2018.

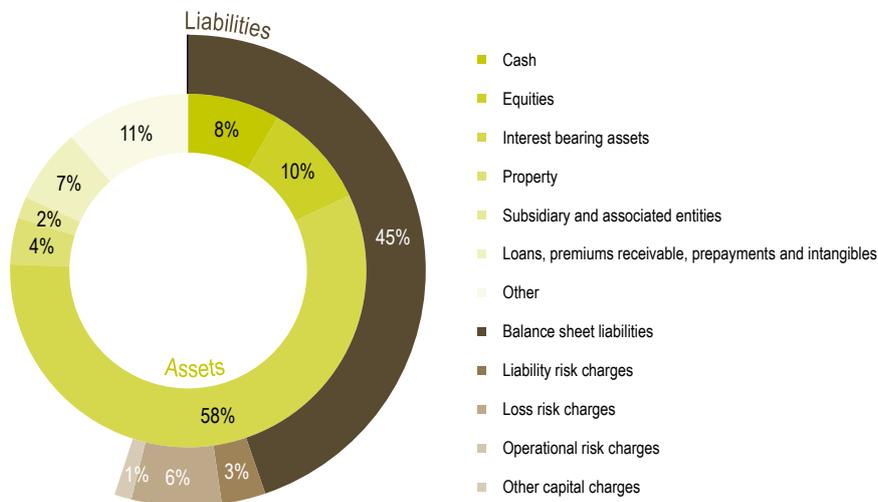
## Capital Adequacy Requirement

All figures \$'000	March 2018	December 2017	March 2017
Total Liabilities	6,447,298	5,246,047	6,137,572
Liability risk charges	432,122	406,420	382,726
Loss risk charges	882,041	888,648	847,060
Operational risk charges	167,823	166,082	162,099
Other capital charges	91,984	48,659	42,986
Less subordinated debt	30,000	30,000	30,000
<b>Total Capital Adequacy Requirement<sup>#</sup></b>	<b>7,991,268</b>	<b>6,725,856</b>	<b>7,542,443</b>

\* includes health insurance equipment and other assets

# Does not include Capital Management Policy target levels (refer to glossary)

## Health Benefits Fund Assets vs Liabilities as at March 2018



## Notes on statistics

### Source of data

On 1 July 2015, supervisory responsibilities were transferred from the 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.

## Related Publications

### Quarterly publications

A number of related quarterly publications are available from:

[www.apra.gov.au/PHI/Publications/Pages/Industry-Statistics.aspx](http://www.apra.gov.au/PHI/Publications/Pages/Industry-Statistics.aspx)

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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