



# STATISTICS

## Quarterly Private Health Insurance Statistics

December 2019 (released 18 February 2020)

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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

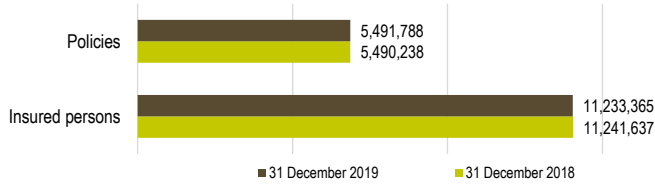
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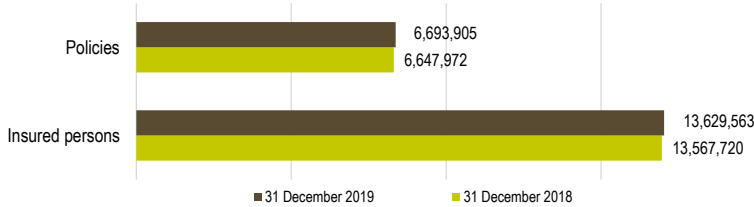
# Key metrics

## Hospital treatment membership



**44.0%** of population at 31 December 2019  
 ↓ **-0.2%** percentage points from 30 Sep 2019  
 ↓ **-9,361** insured persons over the quarter

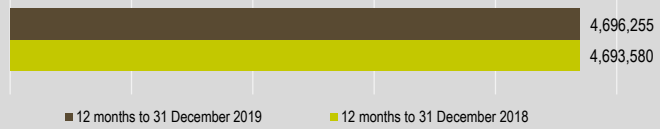
## General treatment membership



**53.3%** of population at 31 December 2019  
 ↓ **-0.2%** percentage points from 30 Sep 2019  
 ↑ **1,237** insured persons over the quarter

## Hospital treatment episodes

↑ **0.1%** over the 12 months to December 2019  
 ↓ **-2.7%** compared to the September 2019 quarter

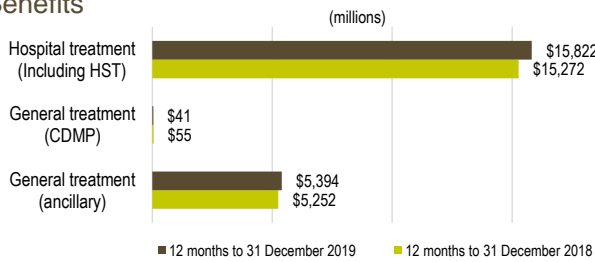


## General treatment services (ancillary)

↓ **-1.1%** over the 12 months to December 2019  
 ↑ **3.2%** compared to the September 2019 quarter



## Benefits



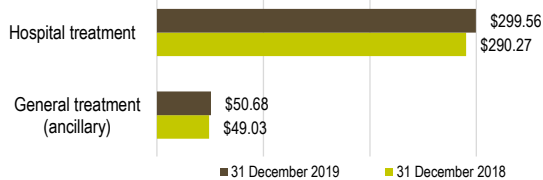
↑ **3.6%** over the 12 months to December 2019  
 ↑ **4.2%** compared to the December 2018 quarter

↑ **2.7%** over the 12 months to December 2019  
 ↑ **2.3%** compared to the December 2018 quarter

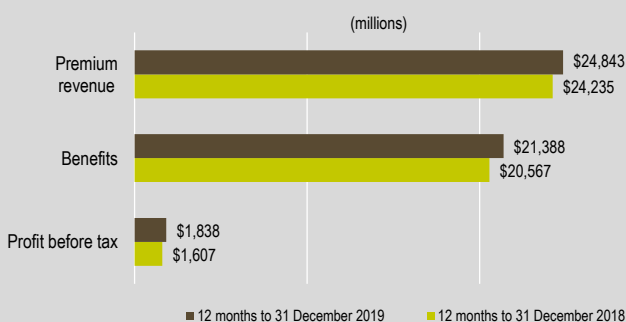
## Out-of-pocket per episode/service

↑ **3.2%** over the 12 months to December 2019

↑ **3.4%** over the 12 months to December 2019



## Financial



↑ **2.5%** over the 12 months to December 2019

↑ **4.0%** over the 12 months to December 2019

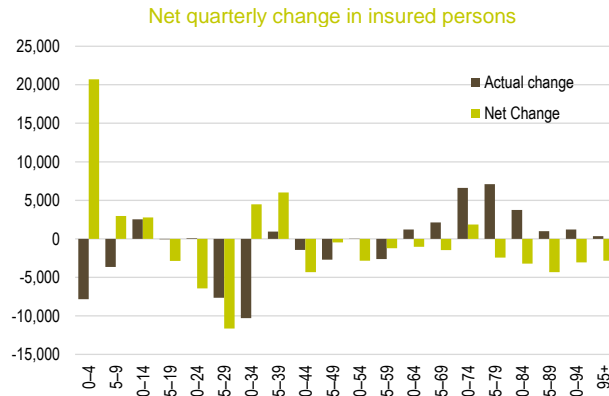
↑ **14.3%** over the 12 months to December 2019

## Hospital Treatment

At 31 December 2019, 11,233,365 people, or 44.0% of the population, were covered by hospital treatment cover. This was a drop of 0.2 percentage points in coverage compared to September 2019.

There was a decrease in coverage of 9,361 insured people in the December 2019 quarter. Family policies decreased by 1,951 and single policies by 1,355 during the quarter.

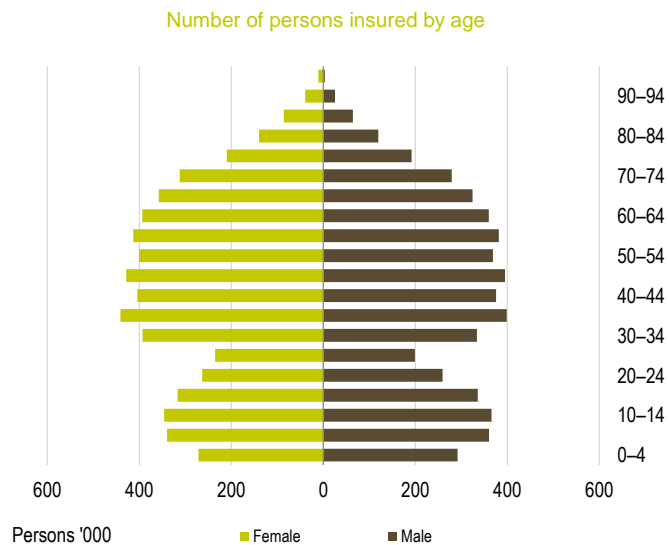
The largest decrease in coverage during the quarter was 10,286 for people aged between 30 and 34. The largest net decrease (taking into account movement between age groups) was for the age group between 25 and 29, with a drop of 11,649 people.



## Lifetime health cover

The majority of adults with hospital cover (89.0%) have a certified age of entry of 30, with no penalty loading; a 0.2 percentage points decrease compared to September 2019.

At the end of the December 2019 quarter, there were 895,497 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 49,626. There was a net increase in people with a certified age of entry of 30 (with no penalty) over the year of 43,236. Over the year, 115,346 people had their loading removed after paying a loading for ten years.



Hospital treatment tables						
State/Territory	Insured persons (%)	Non insured persons (%)	Total Insured (Male/Female)	Total Insured (Male/Female)	Single policies (%)	Family policies (%)
Aust.	44.0%	56.0%	5,434,344	5,799,021	48.2%	51.8%
NSW	45.4%	54.6%	1,791,991	1,903,777	48.3%	51.7%
VIC	40.4%	59.6%	1,297,079	1,396,368	50.5%	49.5%
QLD	40.7%	59.3%	1,008,188	1,084,317	46.1%	53.9%
SA	44.2%	55.8%	373,111	405,087	48.3%	51.7%
WA	53.9%	46.1%	698,575	720,741	46.8%	53.2%
TAS	42.2%	57.8%	107,643	119,209	48.4%	51.6%
ACT	53.9%	46.1%	110,903	120,854	48.5%	51.5%
NT	38.9%	61.1%	46,854	48,668	47.8%	52.2%

### General Treatment

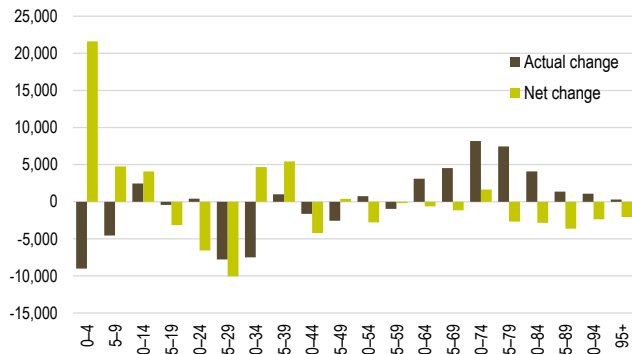
At 31 December 2019, 13,629,563 people or 53.3% of the population had some form of general treatment cover. There was an increase of 1,237 people when compared to the September 2019 quarter.

The increase was mainly driven by single policies (up 4,794). For the 12 months to 31 December 2019, the number of insured persons with general treatment cover has increased by 61,843.

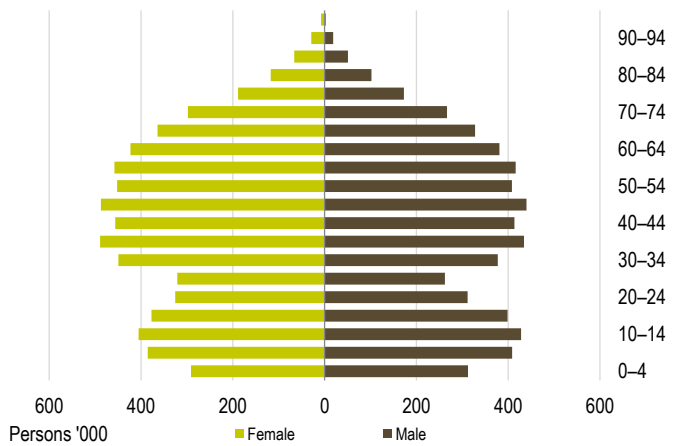
The general treatment (ancillary) by age charts and data in this report show data for those people that have general treatment policies covering ancillary services, regardless of other treatment included in the product. This excludes those general treatment policies that do not cover ancillary treatment.

There was a slight increase of 221 people with general treatment (ancillary) coverage in the December 2019 quarter. The largest net increase in coverage, after accounting for movements across age groups, was 21,593 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 persons (%)	Not insured persons (%)	Total Insured (Male/Female)	Total Not Insured (Male/Female)	Single policies (%)	Family policies (%)
Aust.	53.3%	46.7%	5,935,463 / 6,389,968	49.2% / 50.8%	49.2%	50.8%
NSW	55.8%	44.2%	1,996,258 / 2,126,157	48.6% / 51.4%	48.6%	51.4%
VIC	47.4%	52.6%	1,285,369 / 1,390,997	51.3% / 48.7%	51.3%	48.7%
QLD	47.2%	52.8%	1,058,144 / 1,158,890	47.7% / 52.3%	47.7%	52.3%
SA	58.7%	41.3%	460,292 / 505,632	49.2% / 50.8%	49.2%	50.8%
WA	68.9%	31.1%	852,256 / 897,071	48.5% / 51.5%	48.5%	51.5%
TAS	49.7%	50.3%	116,217 / 130,280	49.8% / 50.2%	49.8%	50.2%
ACT	65.8%	34.2%	118,412 / 130,061	49.4% / 50.6%	49.4%	50.6%
NT	43.4%	56.6%	48,515 / 50,880	49.1% / 50.9%	49.1%	50.9%

# Benefits Paid

## Hospital treatment

### Benefits per episode/service

	December 2019	Change from September 2019
Hospital Treatment		
Acute	\$2,478	4.6%
Medical	\$62	1.7%
Prostheses	\$679	2.4%
Cardiac	\$4,018	0.1%
Hip	\$1,742	0.9%
Knee	\$1,799	-0.5%
Total benefits and growth rate		
Hospital	\$4,130,178,732	1.9%
General	\$1,394,827,033	6.7%

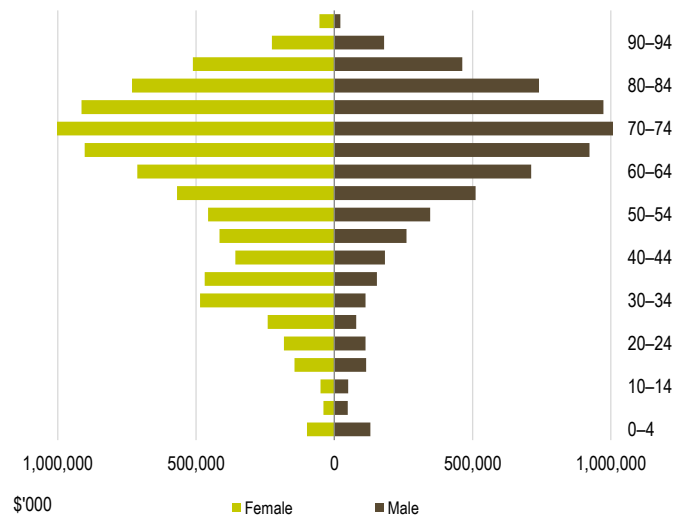
During the December 2019 quarter, insurers paid \$4,130 million in hospital treatment benefits, an increase of 1.9% compared to the September 2019 quarter. Hospital treatment benefits were comprised of:

- ◇ \$2,920 million for hospital services such as accommodation and nursing
- ◇ \$626 million for medical services
- ◇ \$585 million for prostheses items.

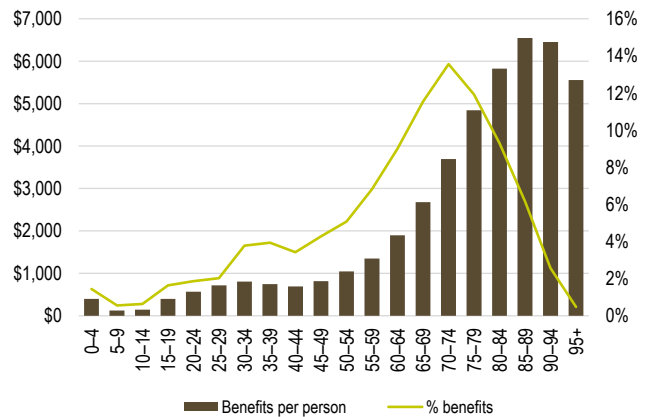
The age group for which most hospital benefits are paid is between 60 and 84 (top chart). Total benefits by age group is affected by the average benefits paid per person (displayed in the second chart) and the number of people in each age group. Older age groups have a higher claiming rate. The rise 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 \$1,359 for the year ending December 2018 to \$1,408 for the year ending December 2019. The largest amount of benefits per person was spent on hospital accommodation and nursing, followed by medical and prostheses benefits.

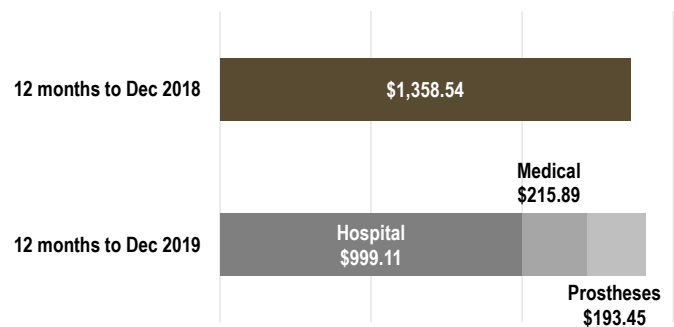
### Hospital treatment benefits paid by age 12 months to 31 December 2019



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



### Hospital treatment benefits per person



**General treatment**

**Benefits per service**

	December 2019	Change from September 2019
Dental	\$65	1.9%
Chiropractic	\$31	-2.7%
Physiotherapy	\$36	-0.9%
Optical	\$75	0.6%

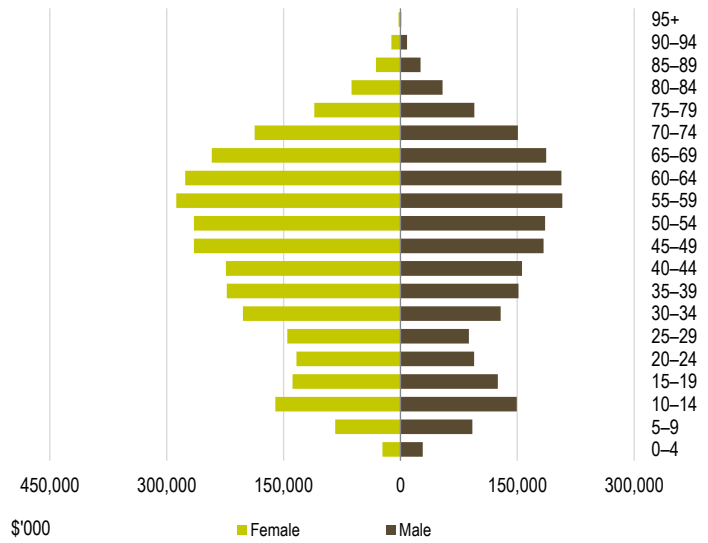
During the December 2019 quarter, insurers paid \$1,385 million in general treatment (ancillary) benefits. This was an increase of 6.8% compared to the September 2019 quarter. Ancillary benefits for the December 2019 quarter included the major categories of:

- ◇ Dental \$735 million
- ◇ Optical \$276 million
- ◇ Physiotherapy \$97 million
- ◇ Chiropractic \$64 million.

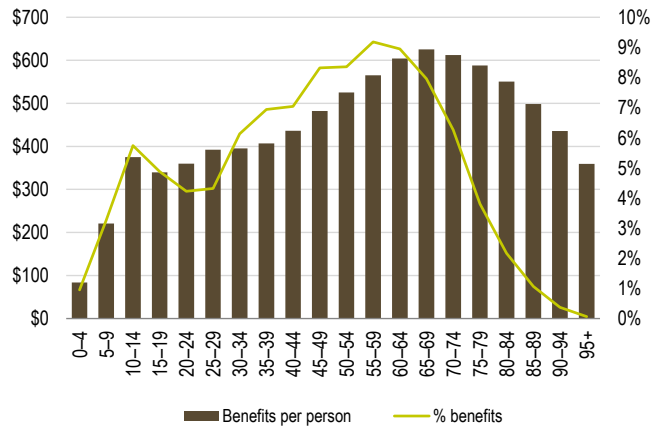
There is a marked difference between the distribution of benefits over age groups between hospital benefits and ancillary benefits. The major difference is the higher claiming rate in older age groups for hospital benefits while benefits per person for ancillary benefits are more evenly spread over the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

General treatment (ancillary) benefits per person during the year to December 2019 were \$438, increasing from \$427 for the year to December 2018. The largest component of ancillary benefits is dental, for which \$232 was paid per insured.

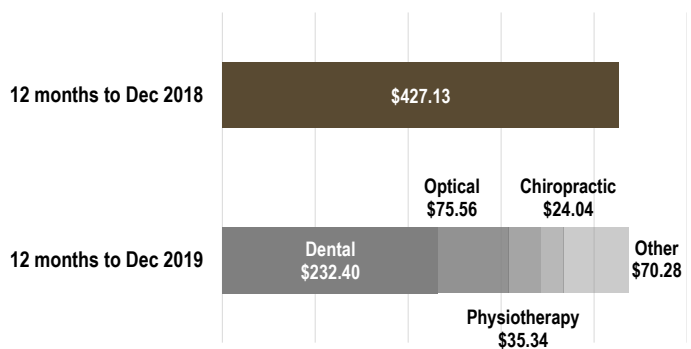
**General treatment benefits paid by age 12 months to 31 December 2019 (ancillary)**



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



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





## Medical benefits

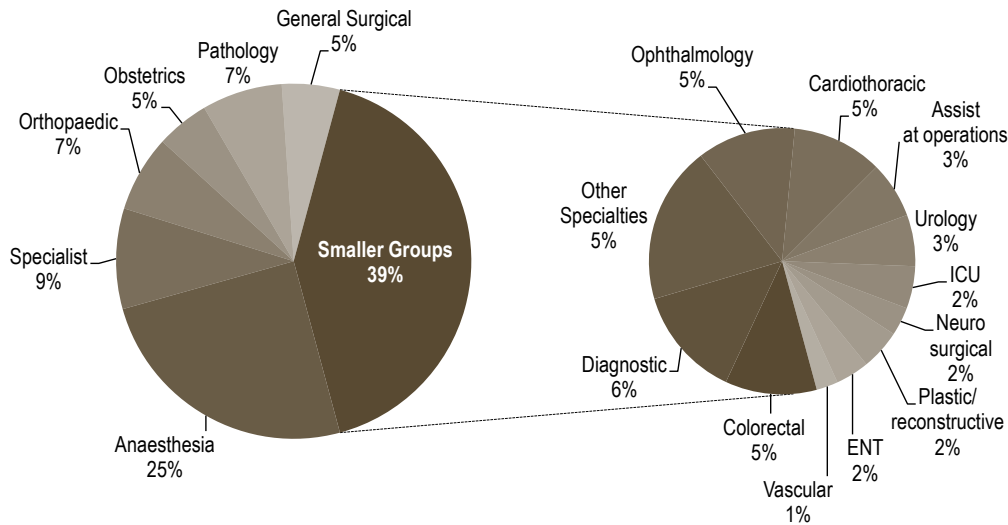
Total benefits for medical services decreased 1.3% during the December quarter 2019, driven largely by a 3.0% decrease in the number of services.

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 24.8% of all medical benefits and totalling \$155 million.

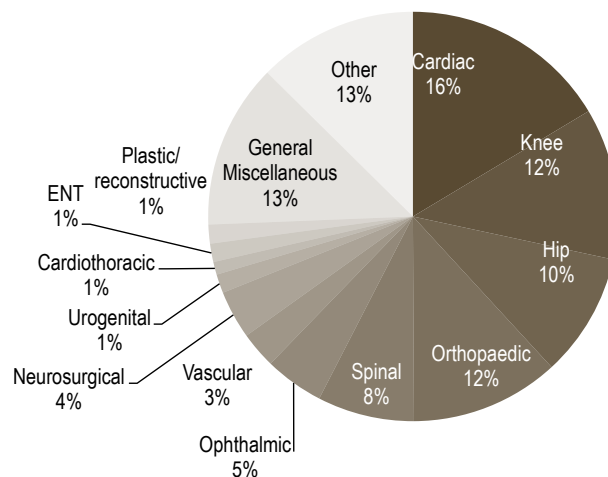
## Prostheses benefits

Total benefits paid for prostheses increased by 6.6% in the December quarter 2019 compared to the September quarter 2019. 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 16.4% of all prosthetic benefits and totalling \$96 million.

Medical benefits by Speciality group



Benefits paid for prostheses



## Service utilisation

### Episodes/Services by type

	December 2019	Change from September 2019
Hospital Episodes	1,178,273	-2.7%
Hospital Days	3,090,063	-2.0%
Medical Services	10,029,753	-3.0%
Prostheses Items	860,782	4.2%
Specialist Orthopaedic	154,228	0.1%
Ophthalmic	93,666	-1.5%
Spinal	59,847	9.0%
General Treatment	23,900,988	3.2%
Dental	11,305,299	2.3%
Chiropractic	2,069,618	-11.3%
Physiotherapy	2,669,525	-11.2%
Optical	3,695,548	42.0%

Hospital utilisation is distributed over four categories of hospital—public, private, day only facilities and hospital-substitute. During the December 2019 quarter, hospital episodes were distributed as follows:

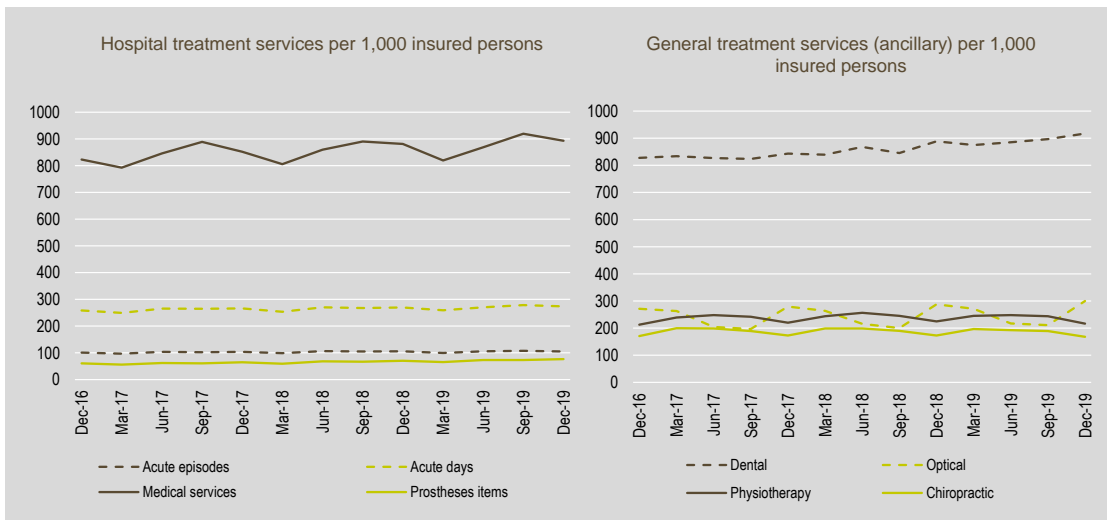
- ◇ public hospitals 191,774 episodes
- ◇ private hospitals 783,467 episodes
- ◇ day hospital facilities 154,929 episodes
- ◇ hospital substitute 48,103 episodes.

For the December 2019 quarter, hospital utilisation (measured in episodes) decreased by 2.7%, driven by decreases in all hospital settings. In the year ending December 2019, episodes in all hospital settings decreased except in private hospitals and day hospitals, where episodes increased.

During the December 2019 quarter, insurers paid benefits for 3.09 million days in hospital, arising from 1.18 million hospital episodes of care.

	Quarter change	Year change
◇ public hospitals	↓ -4.6%	↓ -2.9%
◇ private hospitals	↓ -2.0%	↑ 1.1%
◇ day hospital facilities	↓ -3.5%	↓ -1.5%
◇ hospital-substitute	↓ -4.6%	↑ 0.3%

Day-only episodes in the four categories of hospital totalled 782,801, an increase of 3.6% compared to the September 2019 quarter.



# Out-of-pocket payments

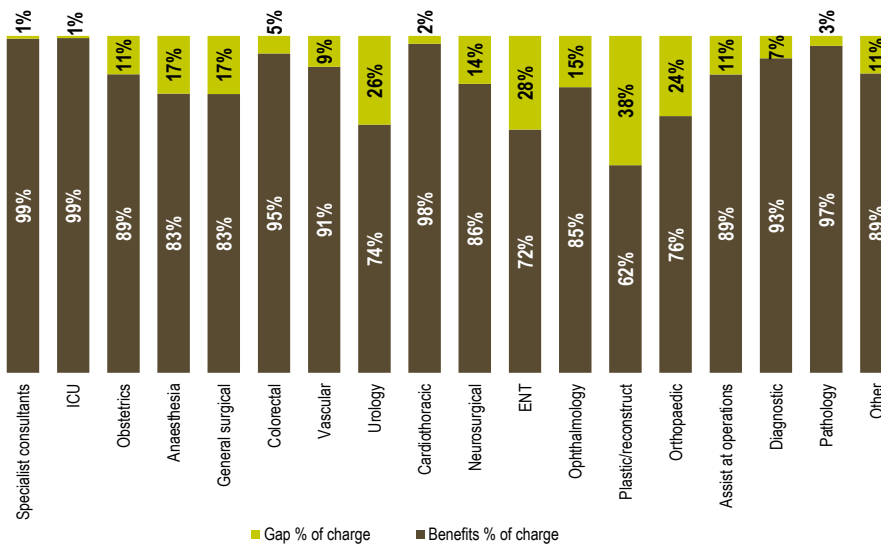
## Average out-of-pocket per episode/service

	December 2019	Change from Sep 19	Change from Dec 18
Hospital treatment	\$299.56	-1.5%	3.2%
Hospital-substitute treatment	\$10.46	-6.7%	4.0%
General treatment ancillary	\$50.68	0.5%	3.4%
Medical gap where gap was paid	\$192.72	5.4%	18.6%

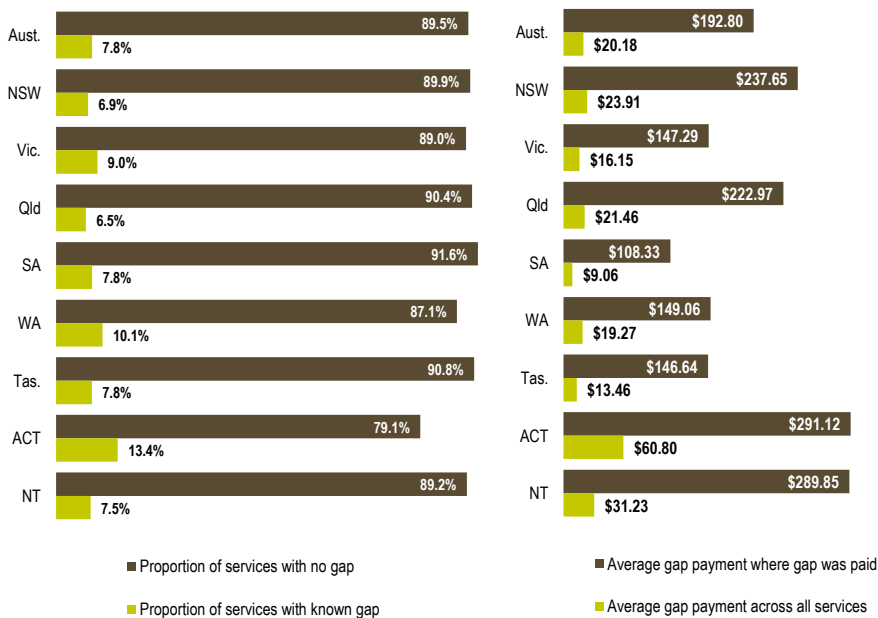
The out-of-pocket payments for hospital episodes increased by 3.2% compared to the same quarter for the previous year. Out-of-pocket payments for medical services were \$193 where an out-of-pocket payment was payable. The amount of gap for medical services varies depending on the specialty group. The specialty group with the largest out-of-pocket payment was plastic/reconstructive with an average gap of \$411. 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 \$300 in the December 2019 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 December 2019	12 months to December 2018
<b>Revenue</b>		
HIB premium revenue	24,843,366	24,234,674
Net investment income	635,387	187,743
Net HRB revenue	128,567	141,703
Net other operational revenue	183,153	65,249
<b>Total revenue</b>	<b>25,790,474</b>	<b>24,629,369</b>
<b>Benefits</b>		
Fund benefits	21,387,880	20,567,351
State ambulance levies	235,862	230,886
<b>Total fund benefits</b>	<b>21,623,742</b>	<b>20,798,237</b>
<b>Expenses</b>		
HIB expenses	1,845,804	1,787,610
HIB claims handling	414,268	393,279
Non-operating expenses	69,113	42,806
<b>Total expenses</b>	<b>2,329,185</b>	<b>2,223,695</b>
<b>Profit of the industry</b>		
Profit/(loss) before tax	1,837,547	1,607,436
Taxation expense	397,611	418,944
<b>Profit/(loss) after tax</b>	<b>1,439,936</b>	<b>1,188,492</b>
<b>Margins</b>		
Gross margin	12.96%	14.18%
HIB expenses	9.10%	9.00%
Net margin	3.86%	5.18%

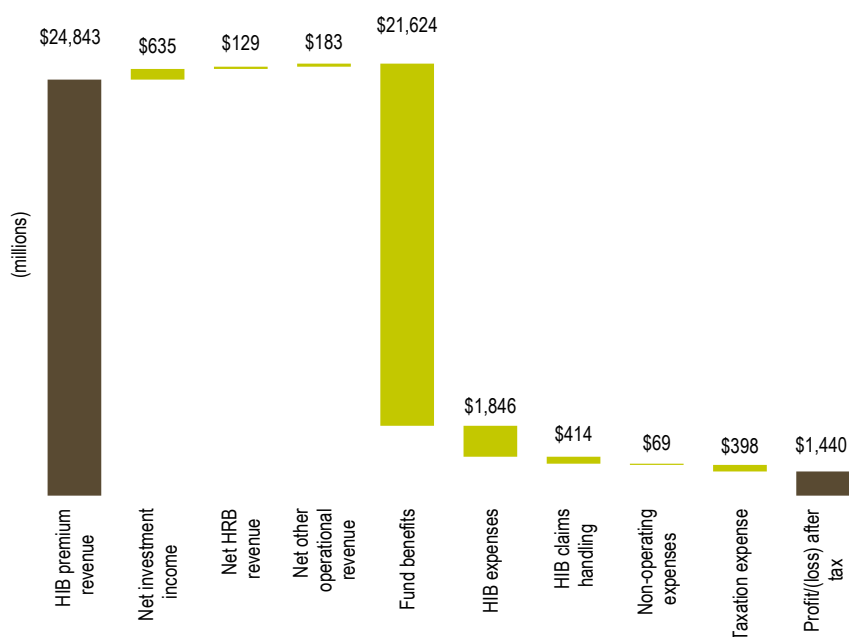
Health Insurance Business (HIB) premium revenue was up 2.5% for the year to December 2019, while total fund benefits increased by 4.0%. As a result, gross margin decreased from 14.2% to 13.0%.

Net investment income increased from \$188 million in the year ending December 2018 to \$635 million in the year ending December 2019.

HIB expenses as a percentage of revenue remained relatively stable at 9.1% and net margin decreased from 5.2% to 3.9%.

Net profit after tax increased to \$1.44 billion for the year ended December 2019 from 1.19 billion for the year ended 31 December 2018.

Health Benefits Fund Profit After Tax Breakdown for 12 months to December 2019



## Prudential Position

All figures \$'000	December 2019	September 2019	December 2018
<b>Assets</b>			
Cash	1,216,958	1,032,329	980,537
Investments			
Equities	1,671,006	1,793,545	1,531,941
Interest bearing assets	7,772,708	8,390,261	7,829,849
Property	739,259	750,333	709,308
Subsidiary and associated entities	288,051	284,740	278,978
Loans	38,960	52,306	44,842
Receivables	55,567	55,189	53,140
Intangibles DAC and FITBS	1,075,189	950,123	882,761
Pre-paid expenses	72,556	62,522	61,676
Other*	1,714,320	1,610,911	1,351,629
<b>Total assets</b>	<b>14,644,575</b>	<b>14,982,259</b>	<b>13,724,661</b>
<b>Liabilities</b>			
Unearned premium liabilities	2,572,150	2,895,921	2,485,688
Unpresented & outstanding claims	2,034,425	2,252,860	1,933,299
Other fund liabilities	149,112	174,147	166,466
Interest bearing liabilities	926	4,499	2,593
Payables, provisions & other liabilities	1,065,858	1,141,958	780,022
<b>Total liabilities</b>	<b>5,822,472</b>	<b>6,469,385</b>	<b>5,368,067</b>
<b>Total assets minus total liabilities</b>	<b>8,822,103</b>	<b>8,512,875</b>	<b>8,356,594</b>

The industry held total assets of \$14.6 billion as at 31 December 2019.

Total assets have increased by \$920 million in the last 12 months.

Total liabilities reported by the industry have increased by \$454 million over the year.

Total net assets increased from \$8.4 billion in December 2018 to \$8.8 billion in December 2019.

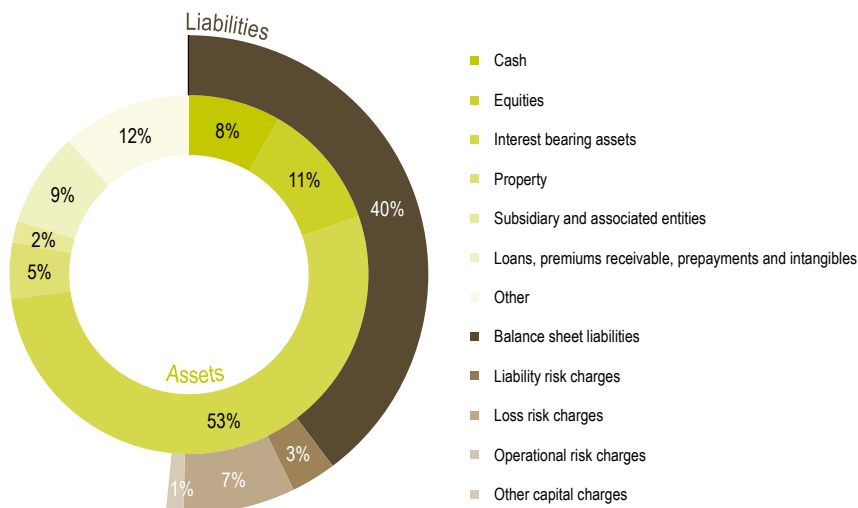
## Capital Adequacy Requirement

All figures \$'000	December 2019	September 2019	December 2018
Total Liabilities	5,822,472	6,469,385	5,368,067
Liability risk charges	446,987	443,327	449,528
Loss risk charges	1,108,548	1,134,054	975,623
Operational risk charges	172,908	173,041	169,297
Other capital charges	85,378	82,997	72,208
Less subordinated debt	4,414	4,349	4,142
<b>Total Capital Adequacy Requirement*</b>	<b>7,631,878</b>	<b>8,298,455</b>	<b>7,030,581</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 December 2019



## 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 June 2019 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 2019 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:

<https://www.apra.gov.au/publications>

These include:

#### [Quarterly Statistics](#)

The Quarterly Statistics are principal release of statistics with summaries for the key financial and membership statistics of the Private Health Insurance industry.

#### [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 \(formerly PHIAC A\)](#)

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:

<https://www.apra.gov.au/publications/operations-private-health-insurers-annual-report>



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