STATISTICS

Quarterly Private Health Insurance Statistics

March 2020 (released 19 May 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

  - 43.8% of population at 31 March 2020
  - ↓ -0.2% percentage points from 31 Dec 2019
  - ↓ -9,760 insured persons over the quarter

General treatment membership

- Insured persons: 13,622,007 (31 March 2020) vs 13,612,007 (31 March 2019)
  - 53.2% of population at 31 March 2020
  - ↓ -0.2% percentage points from 31 Dec 2019
  - ↑ 5,200 insured persons over the quarter
  - ↑ 0.5% over the 12 months to March 2020
  - ↑ 2.8% compared to the March 2019 quarter

Hospital treatment episodes

- Hospital treatment episodes: 4,718,206 (12 months to 31 March 2020) vs 4,693,934 (12 months to 31 March 2019)
  - ↑ 0.5% over the 12 months to March 2020 compared to the December 2019 quarter
  - ↓ -3.1% compared to the December 2019 quarter

Benefits

- Hospital treatment (Including HST): $15,925 (12 months to 31 March 2020) vs $15,936 (12 months to 31 March 2019)
- General treatment (CDMP): $39 (12 months to 31 March 2020) vs $53 (12 months to 31 March 2019)
- General treatment (ancillary): $5,346 (12 months to 31 March 2020) vs $5,296 (12 months to 31 March 2019)
  - ↑ 3.4% over the 12 months to March 2020 compared to the March 2019 quarter
  - ↑ 2.8% compared to the March 2019 quarter
  - ↑ 0.9% over the 12 months to March 2020 compared to the March 2019 quarter
  - ↓ -3.4% compared to the March 2019 quarter

Out-of-pocket per episode/service

- Hospital treatment: $24,996 (31 March 2020) vs $24,997 (31 March 2019)
- General treatment (ancillary): $50.46 (31 March 2020) vs $47.51 (31 March 2019)
  - ↑ 2.5% over the 12 months to March 2020
  - ↑ 6.2% over the 12 months to March 2020

Financial

- Premium revenue: $24,996 (12 months to 31 March 2020) vs $24,997 (12 months to 31 March 2019)
- Benefits: $21,509 (31 March 2020) vs $20,747 (31 March 2019)
- Profit before tax: $1,312 (31 March 2020) vs $1,796 (31 March 2019)
  - ↑ 2.5% over the 12 months to March 2020
  - ↑ 3.7% over the 12 months to March 2020
  - ↓ -26.9% over the 12 months to March 2020
Hospital Treatment

At 31 March 2020, 11,223,363 people, or 43.8% of the population, were covered by hospital treatment cover. There was a 0.2 percentage point decrease in the percentage of the population covered compared to the December 2019 quarter.

There was a decrease in coverage of 9,760 insured people in the March 2020 quarter. Single policies decreased by 683 and family policies by 4,375 during the quarter. This resulted in an overall decrease of 914 hospital policies. For the 12 months to 31 March 2020, the number of insured people with hospital treatment cover has increased by 1,355 policies.

The largest decrease in coverage during the quarter was 9,565 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 11,176 people.

The majority of adults with hospital cover (89.1%) have a certified age of entry of 30, with no penalty loading; a 0.1 percentage points increase compared to December 2019.

At the end of the March 2020 quarter, there were 882,791 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 54,484. There was a net increase in people with a certified age of entry of 30 (with no penalty) over the year of 28,111.
General Treatment
At 31 March 2020, 13,634,405 people or 53.2% of the population had some form of general treatment cover. There was an increase of 5200 people when compared to the December 2019 quarter.

The increase was mainly driven by single policies (up 7,348). For the 12 months to 31 March 2020, the number of insured persons with general treatment cover has increased by 22,398.

There was a decrease of 13,894 people with general treatment (ancillary) coverage in the March 2020 quarter. The largest net decrease in coverage, after accounting for movements across age groups, was 9,888 for people in the 25 to 29 age group.
Hospital treatment

**Benefits per episode/service**

<table>
<thead>
<tr>
<th>Benefits per episode/service</th>
<th>Change from December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Treatment</td>
<td></td>
</tr>
<tr>
<td>Acute</td>
<td>$2,374</td>
</tr>
<tr>
<td>Medical</td>
<td>$60</td>
</tr>
<tr>
<td>Prostheses</td>
<td>$668</td>
</tr>
<tr>
<td>Cardiac</td>
<td>$3,932</td>
</tr>
<tr>
<td>Hip</td>
<td>$1,681</td>
</tr>
<tr>
<td>Knee</td>
<td>$1,773</td>
</tr>
<tr>
<td>Total benefits and growth rate</td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td>$3,805,565,414</td>
</tr>
<tr>
<td>General</td>
<td>$1,371,713,283</td>
</tr>
</tbody>
</table>

During the March 2020 quarter, insurers paid $3,806 million in hospital treatment benefits, a decrease of 7.9% compared to the December 2019 quarter. Hospital treatment benefits were comprised of:

- $2,710 million for hospital services such as accommodation and nursing
- $575 million for medical services
- $521 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 $1,368 for the year ending March 2019 to $1,419 for the year ending March 2020. 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>Change from March 2020 to December 2019 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental</td>
<td>5.0%</td>
</tr>
<tr>
<td>Chiropractic</td>
<td>10.7%</td>
</tr>
<tr>
<td>Physiotherapy</td>
<td>8.1%</td>
</tr>
<tr>
<td>Optical</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

During the March 2020 quarter, insurers paid $1,363 million in general treatment (ancillary) benefits. This was a decrease of 1.6% compared to the December 2019 quarter. Ancillary benefits for the March 2020 quarter included the major categories of:

◊ Dental $705 million
◊ Optical $252 million
◊ Physiotherapy $109 million
◊ Chiropractic $79 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 2020 were $434, increasing from $430 for the year to March 2019. The largest component of ancillary benefits is dental, for which $231 was paid per insured.
Medical benefits

Total benefits for medical services decreased 8.2% during the March quarter 2020, driven largely by a 3.6% 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 24.0% of all medical benefits and totalling $138 million.

Prostheses benefits

Total benefits paid for prostheses decreased by 10.9% in the March quarter 2020 compared to the December 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 17.2% of all prosthetic benefits and totalling $90 million.
Service utilisation

Episodes/Services by type

<table>
<thead>
<tr>
<th>Category</th>
<th>March 2020</th>
<th>Change from December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Episodes</td>
<td>1,141,509</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Hospital Days</td>
<td>2,988,019</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Medical Services</td>
<td>9,574,984</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Prostheses Items</td>
<td>779,616</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Specialist Orthopaedic</td>
<td>142,547</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Ophthalmic</td>
<td>82,920</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Spinal</td>
<td>53,057</td>
<td>-11.3%</td>
</tr>
<tr>
<td>General Treatment</td>
<td>22,839,322</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Dental</td>
<td>10,338,800</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Chiropractic</td>
<td>2,321,874</td>
<td>12.2%</td>
</tr>
<tr>
<td>Physiotherapy</td>
<td>2,783,058</td>
<td>4.3%</td>
</tr>
<tr>
<td>Optical</td>
<td>3,313,800</td>
<td>-10.4%</td>
</tr>
</tbody>
</table>

Hospital utilisation is distributed over four categories of hospital—public, private, day only facilities and hospital-substitute. During the March 2020 quarter, hospital episodes were distributed as follows:

◊ public hospitals 193,916 episodes
◊ private hospitals 754,215 episodes
◊ day hospital facilities 144,181 episodes
◊ hospital substitute 49,197 episodes.

During the March 2020 quarter, insurers paid benefits for 2.99 million days in hospital, arising from 1.14 million hospital episodes of care.

Quarter change | Year change
◊ public hospitals | ↑ 1.1% | ↓ -2.5%
◊ private hospitals | ↓ -3.7% | ↑ 1.8%
◊ day hospital facilities | ↓ -6.9% | ↓ -2.3%
◊ hospital-substitute | ↑ 2.2% | ↑ 0.2%

Day-only episodes in the four categories of hospital totalled 759,533, a decrease of 3.0% compared to the December 2019 quarter.
Out-of-pocket payments

The average out-of-pocket (gap) payment for a hospital episode was $324 in the March 2020 quarter. This included out-of-pocket payments for medical services, in addition to any excess or co-payment amounts relating to hospital accommodation.

Out-of-pocket per episode/service

<table>
<thead>
<tr>
<th>Service</th>
<th>March 2020</th>
<th>Change from Dec 19</th>
<th>Change from Mar 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital treatment</td>
<td>$324.04</td>
<td>8.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Hospital-substitute treatment</td>
<td>$9.81</td>
<td>-6.2%</td>
<td>-10.8%</td>
</tr>
<tr>
<td>General treatment ancillary</td>
<td>$50.46</td>
<td>-0.4%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Medical gap where gap was paid</td>
<td>$193.42</td>
<td>0.4%</td>
<td>24.4%</td>
</tr>
</tbody>
</table>

The out-of-pocket payments for hospital episodes increased by 2.5% 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 $414. 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.

Medical benefits and out-of-pocket by specialty group

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

Health Insurance Business (HIB) premium revenue was up 2.5% for the year March 2020, while total fund benefits increased by 3.7%. As a result, gross margin decreased from 13.0% to 14.0%.

Net investment income decreased from $416 million in the year ending March 2019 to $95 million in the year ending March 2020.

HIB expenses as a percentage of revenue remained stable at 9.0% and net margin decreased from 5.0% to 3.96%.

Net profit after tax decreased to $0.97 billion for the year ended March 2020 compared to $1.359 billion for the year ended 31 March 2019.

## Financial Information

### Health Benefits Fund Profit After Tax Breakdown for 12 months to March 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>12 months to March 2020</th>
<th>12 months to March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIB premium revenue</td>
<td>24,995,955</td>
<td>24,397,186</td>
</tr>
<tr>
<td>Net investment income</td>
<td>94,734</td>
<td>415,861</td>
</tr>
<tr>
<td>Net HRB revenue</td>
<td>116,743</td>
<td>137,526</td>
</tr>
<tr>
<td>Net other operational revenue</td>
<td>185,314</td>
<td>69,362</td>
</tr>
<tr>
<td>Total revenue</td>
<td>25,392,747</td>
<td>25,919,938</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund benefits</td>
<td>21,509,050</td>
<td>20,746,593</td>
</tr>
<tr>
<td>State ambulance levies</td>
<td>237,994</td>
<td>231,702</td>
</tr>
<tr>
<td>Total fund benefits</td>
<td>21,747,044</td>
<td>20,978,295</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIB expenses</td>
<td>1,844,175</td>
<td>1,799,911</td>
</tr>
<tr>
<td>HIB claims handling</td>
<td>414,619</td>
<td>399,024</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>74,451</td>
<td>46,825</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,333,245</td>
<td>2,245,760</td>
</tr>
<tr>
<td>Profit of the industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>1,312,458</td>
<td>1,795,881</td>
</tr>
<tr>
<td>Taxation expense</td>
<td>339,284</td>
<td>438,957</td>
</tr>
<tr>
<td>Profit/(loss) after tax</td>
<td>973,174</td>
<td>1,359,924</td>
</tr>
<tr>
<td>Margins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>13.00%</td>
<td>14.01%</td>
</tr>
<tr>
<td>HIB expenses</td>
<td>9.04%</td>
<td>9.01%</td>
</tr>
<tr>
<td>Net margin</td>
<td>3.96%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

### Health Benefits Fund Profit After Tax Breakdown for 12 months to March 2020

- **HIB premium revenue**: $24,996 million
- **Net investment income**: $95 million
- **Net HRB revenue**: $117 million
- **Net other operational revenue**: $385 million
- **Fund benefits**: $21,747 million
- **HIB expenses**: $1,844 million
- **HIB claims handling**: $415 million
- **Non-operating expenses**: $74 million
- **Taxation expense**: $339 million
- **Profit/(loss) after tax**: $973 million

### Financial Summary

- **All Figures $’000**
- **Revenue**
  - HIB premium revenue
  - Net investment income
  - Net HRB revenue
  - Net other operational revenue
  - Total revenue
- **Benefits**
  - Fund benefits
  - State ambulance levies
  - Total fund benefits
- **Expenses**
  - HIB expenses
  - HIB claims handling
  - Non-operating expenses
  - Total expenses
- **Profit/(loss) before tax**
- **Taxation expense**
- **Profit/(loss) after tax**
- **Margins**
  - Gross margin
  - HIB expenses
  - Net margin

### Notes

1. Health Insurance Business (HIB) premium revenue was up 2.5% for the year March 2020, while total fund benefits increased by 3.7%. As a result, gross margin decreased from 13.0% to 14.0%.
2. Net investment income decreased from $416 million in the year ending March 2019 to $95 million in the year ending March 2020.
3. HIB expenses as a percentage of revenue remained stable at 9.0% and net margin decreased from 5.0% to 3.96%.
4. Net profit after tax decreased to $0.97 billion for the year ended March 2020 compared to $1.359 billion for the year ended 31 March 2019.
The industry held total assets of $15.4 billion as at 31 March 2020.

Total assets have increased by $405 million in the last 12 months.

Total liabilities reported by the industry have increased by $265 million over the year.

Total net assets increased from $8.4 billion in March 2019 to $8.5 billion in March 2020.
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:

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:
