



STATISTICS

Quarterly private health insurance statistics - highlights

June 2022 (released 24 August 2022)

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Highlights for the year to 30 June 2022

The industry reported a decrease in net profit after tax over the year to June 2022 (down 28.0 per cent to \$1.1 billion) compared to the previous year (Table 1). This decline was driven by a fall in investment income, partially offset by higher insurance profits (Chart 1).

The higher insurance profits were driven by a combination of modest claims experience due to COVID-19 related restrictions and movements in insurers' Deferred Claims Liabilities (DCL), partially offset by measures taken by private health insurers (PHIs) to fulfil their commitments not to profit from COVID-19.

Premium revenue increased 3.5 per cent over the year to June 2022, mainly reflecting solid growth in membership, while fund benefits (claims) increased marginally. These trends resulted in strengthening gross and net margins, which increased to 16.9 per cent and 7.0 per cent respectively (Chart 2). Management expenses increased 8.3 per cent during the year, driven primarily by an increase in operational and administration expenses, thereby moderating the net margin.

Investment income fell from \$604 million in the year to June 2021 to -\$293 million in the year to June 2022. The investment losses were due to large declines in the value of fixed interest investments, reflecting higher bond yields, as well as a fall in the value of equities.

Hospital treatment membership increased by 2.1 per cent or 235,699 persons during the year (Chart 3). Hospital coverage continued to increase during the year, taking total membership to 45.2 per cent of the population (June 2021: 44.6 per cent).

The growth in membership was broad-based, with membership in the 50+ age group increasing by 2.4 per cent or 112,942 persons and membership among the younger population (insured persons aged 20 to 49) increasing by 1.8 per cent or 74,294 persons.

Table 1: Key performance data/metrics for the year at a glance

| | Year ended 30 June 2021 | Year ended 30 June 2022 | Yearly Change |
|------------------------|-------------------------|-------------------------|---------------|
| Premium revenue | \$25.7 bn | \$26.6 bn | 3.5% |
| Fund benefits (claims) | \$22.0 bn | \$22.1 bn | 0.6% |
| Gross Margin | 14.5% | 16.9% | 2.4pp |
| Management expenses | \$2.4 bn | \$2.6 bn | 8.3% |
| Net Margin | 5.0% | 7.0% | 2.0pp |
| Net investment income | \$603.9 m | -\$292.5 m | - |
| Net profit after tax | \$1.5 bn | \$1.1 bn | -28.0% |

¹ Claims are benefits reported in financial statements in accordance with the relevant accounting standards, including claims incurred but not reported and claims that are processed but not yet paid which are on an accrual basis. Other benefits statistics in the Membership and Benefits, and Benefits Trends sections of this publication refer to benefits paid and reported on a cash basis. The DCL was raised by insurers to meet the cost of procedures deferred during the pandemic.

Highlights for the quarter ended 30 June 2022

The industry incurred a loss in the June quarter 2022 (NPAT: -\$258.7 million) due to a combination of investment losses and lower insurance profits (Chart 5).

Premium revenue grew marginally (up 0.9 per cent) in the June quarter 2022 (Chart 4). This was due to some private health insurers deferring their 1 April 2022 premium rate increase and some PHIs provisioning for future givebacks² to policyholders in line with their commitments not to profit from COVID-19. Claims increased by 12.5 per cent due to a combination of the giveback provisioning and a recovery in hospital utilisation. Hospital episodes increased 12.9 per cent in the June quarter 2022 with easing of restrictions to non-urgent elective procedures.

The increase in claims (relative to premium revenue) resulted in gross margins falling from 21.7 per cent in the March quarter 2022 to 12.7 per cent in the June quarter 2022. Net margins saw a sharper decline in the June quarter 2022 (down from 12.0 per cent to 1.4 per cent) with management expenses growing 17.5 per cent in the quarter.

Investment income declined significantly over the quarter. This was primarily due to large realised and unrealised losses on fixed interest and equities investments.

Table 2: Key performance data/metrics for the quarter at a glance

| | March Quarter 2022 | June Quarter 2022 | Quarterly Change |
|-----------------------------|--------------------|-------------------|------------------|
| Premium revenue | \$6.6 bn | \$6.6 bn | 0.9% |
| Fund benefits (claims) | \$5.1 bn | \$5.8 bn | 12.5% |
| Gross Margin | 21.7% | 12.7% | -9.0pp |
| Management expenses | \$633.7 m | \$744.8 m | 17.5% |
| Net Margin | 12.0% | 1.4% | -10.6pp |
| Net investment income | -\$154.2 m | -\$303.0 m | - |
| Net profit after tax (NPAT) | \$476.2 m | -\$258.7 m | -154.3% |

² PHIs have generally accounted for future giveback provisions as either lower premiums or higher claims in their financial performance reporting.

Historical performance trends

Chart 1: Breakdown of profit components (Year ending)

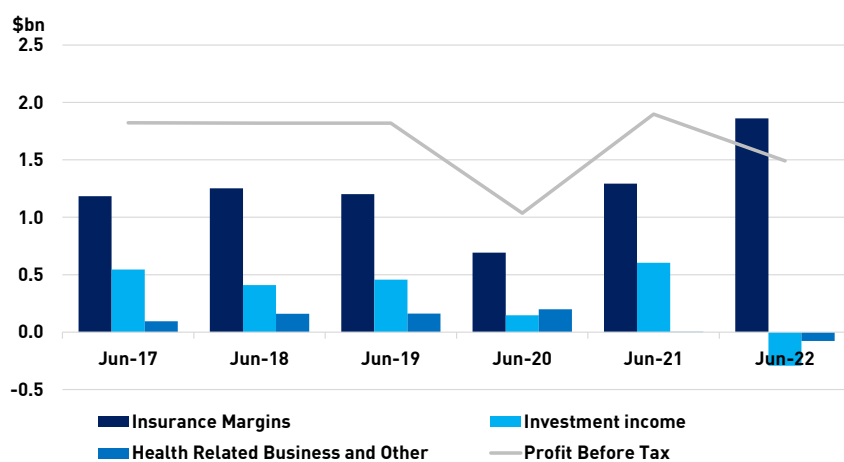


Chart 2: Gross and net margins (Year ending)

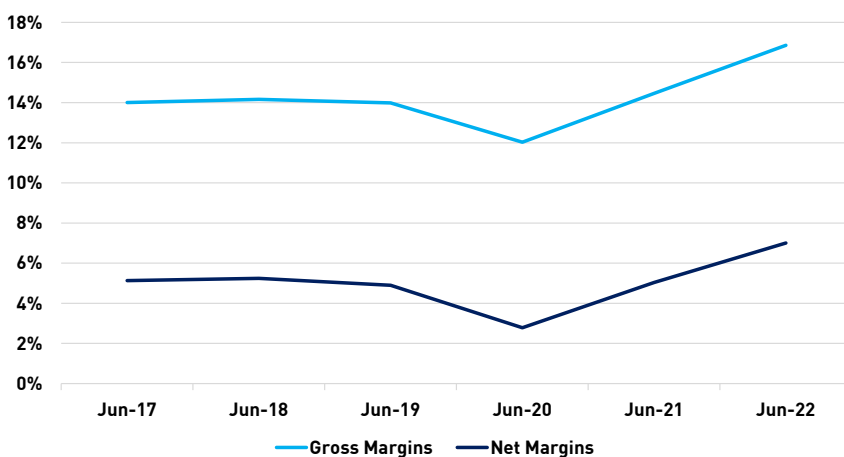


Chart 3: Hospital treatment membership by age groups

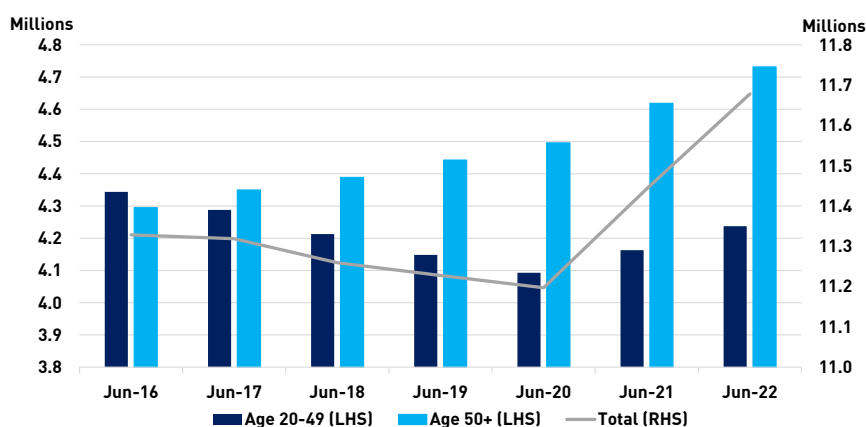


Chart 4: Premium revenue and claim costs

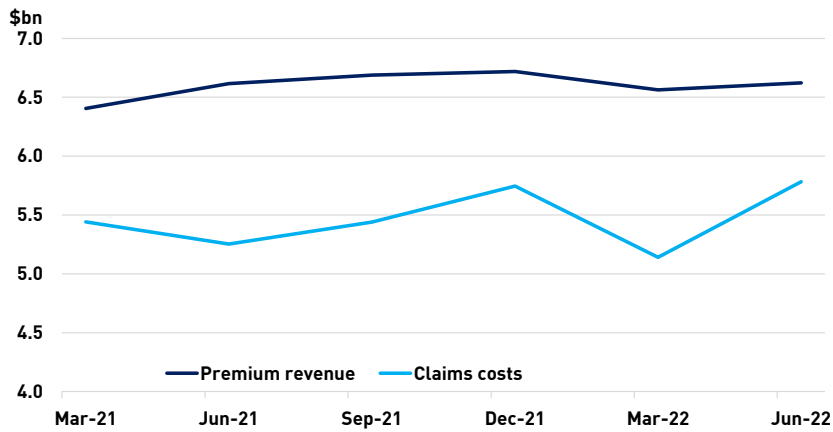


Chart 5: Contributions to quarterly growth in profits

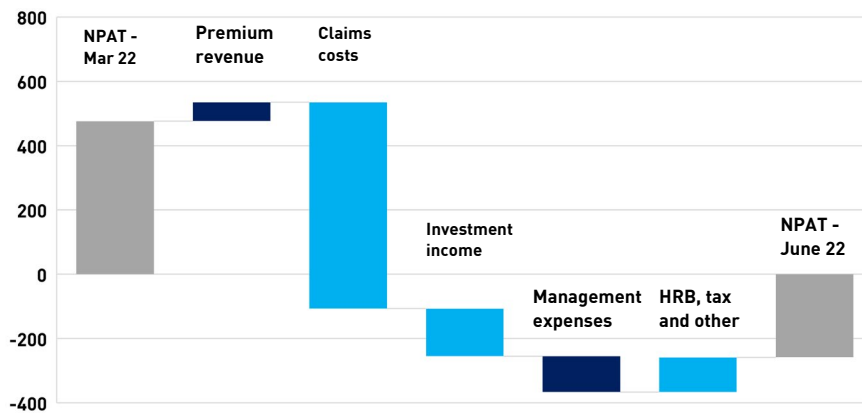
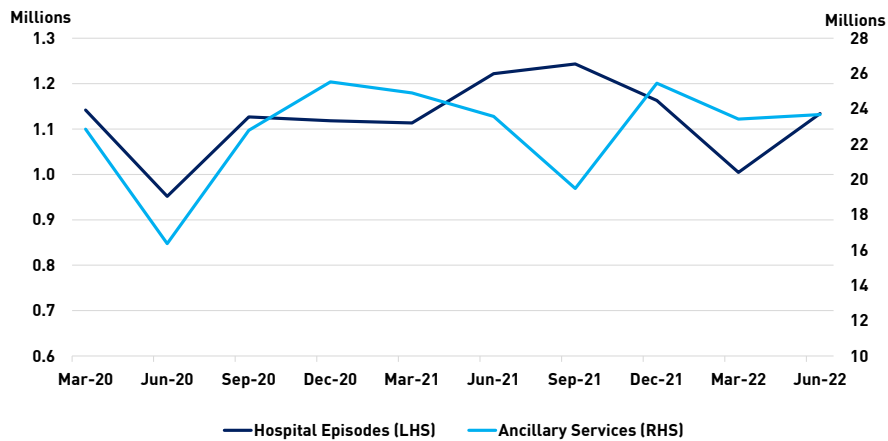


Chart 6: Hospital episodes and ancillary service





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