



STATISTICS

Quarterly private health insurance statistics - highlights

March 2023 (released 24 May 2023)

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Highlights for the year ending 31 March 2023

For the year ending 31 March 2023, the industry reported a net profit after tax of \$1.6 billion, down 19.2 per cent from the prior year's result of \$2.0 billion (Chart 1). Gross margins fell by 1.8 percentage points to 17.0 per cent, which reflected an increase in fund benefits (claims) throughout the year. Net margins declined by 2.6 percentage points to 6.6 per cent (Chart 2).

Premium revenue grew by 2.6 per cent in the year ending 31 March 2023 because of annual premium increases and membership growth (Chart 3). Claims increased by 4.9 per cent in the year reflecting higher levels of utilisation of services. Management expenses increased by 10.3 per cent as a result of an increase in employee costs¹ and operational and administration expenses².

Investment income increased by 14 per cent to \$237.0 million, which was primarily driven by realised gains on interest-bearing investments in line with the rise in bond yields during the year.

Hospital treatment membership increased by 2.2 per cent or 257,797 persons during the year (Chart 3). The percentage of the Australian population with hospital coverage stands at 45.1 per cent (March 2022: 45.1 per cent).

Growth in membership was broad-based. Membership in the 50+ age group increased by 2.3 per cent, or by 108,820 persons, and membership among the younger population (insured persons aged 20 to 49) increasing by 2.5 per cent, or by 103,830 persons.

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

	Year ending 31 March 2022	Year ending 31 March 2023	Yearly Change
Premium revenue	\$26.6 bn	\$27.3 bn	2.6%
Fund benefits (claims)	\$21.6 bn	\$22.6 bn	4.9%
Gross Margin	18.8%	17.0%	-1.8pp
Management expenses	\$2.6 bn	\$2.8 bn	10.5%
Net Margin	9.2%	6.6%	-2.6pp
Net investment income	\$207.9 m	\$237.0 m	14.0%
Net profit after tax	\$2.0 bn	\$1.6 bn	-19.6%

¹ As referenced in Health Reporting Standard 602.0 (HRS 602.0), employee costs relate to areas such as recruitment, residual salary, wages and training.

² As referenced in Health Reporting Standard 602.0 (HRS 602.0), operational and administration expenses relate to areas such as IT and computing, communications, accounting audit and other professional fees.

Highlights for the quarter ending 31 March 2023

For the March 2023 quarter, the industry reported a net profit after tax of \$842.7 million. This was an increase compared to the December 2022 quarter and was driven by stronger insurance margins (Chart 4).

Gross and net margins increased by 1.8 percentage points and 1.6 percentage points respectively. The higher insurance margins were driven by an increase in premium revenue and a slight decrease in claims (Chart 5). The slight decrease in claims can be partially attributed to movements in insurers' Deferred Claims Liabilities (DCL³) in the March 2023 quarter.

Hospital episodes decreased by 5.7 per cent in the quarter whereas ancillary services utilisation increased by 2.7 per cent (Chart 6).

Investment income increased throughout the quarter with the industry reporting investment income of \$289.9 million. This was mostly driven by unrealised gains in interest-bearing investments, in line with movements in bond yields.

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

	December Quarter 2022	March Quarter 2023	Quarterly Change
Premium revenue	\$6.8 bn	\$7.0 bn	2.1%
Fund benefits (claims)	\$5.6 bn	\$5.5 bn	-0.1%
Gross Margin	18.5%	20.3%	1.8pp
Management expenses	\$687.1 m	\$716.4 m	4.3%
Net Margin	8.4%	10.0%	1.6pp
Net investment income	\$250.6 m	\$289.9 m	15.7%
Net profit after tax (NPAT)	\$654.0 m	\$842.7 m	28.9%

³ 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 expected cost of procedures deferred during the pandemic.

Historical performance trends

Chart 1: Breakdown of profit components (Year ending)

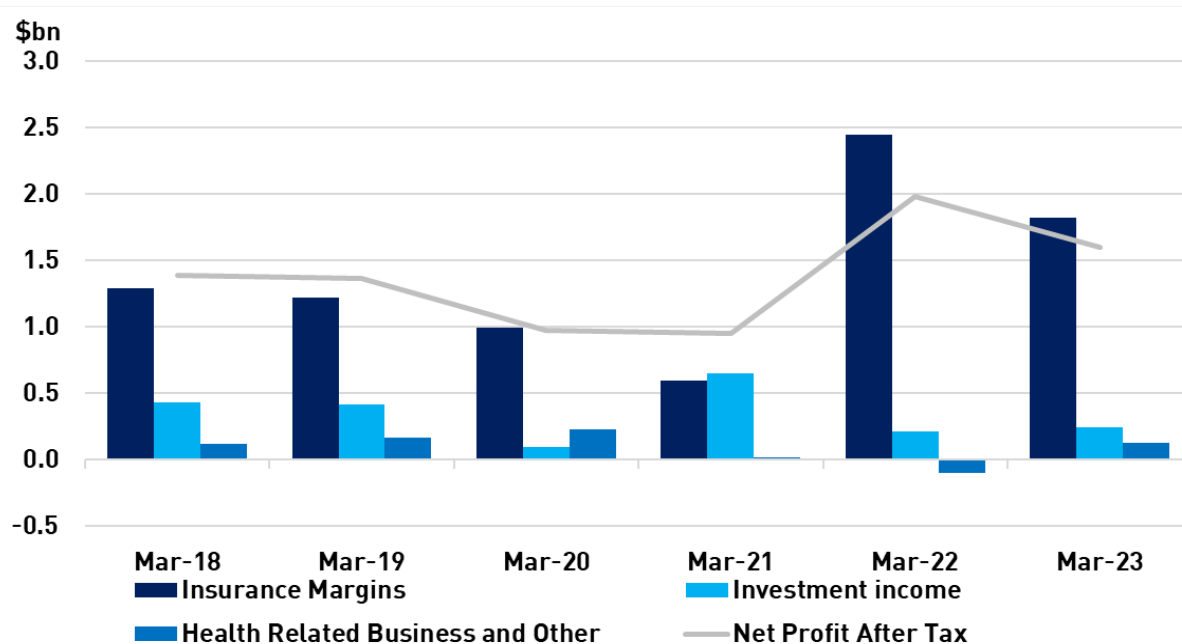


Chart 2: Gross and net margins (Year ending)

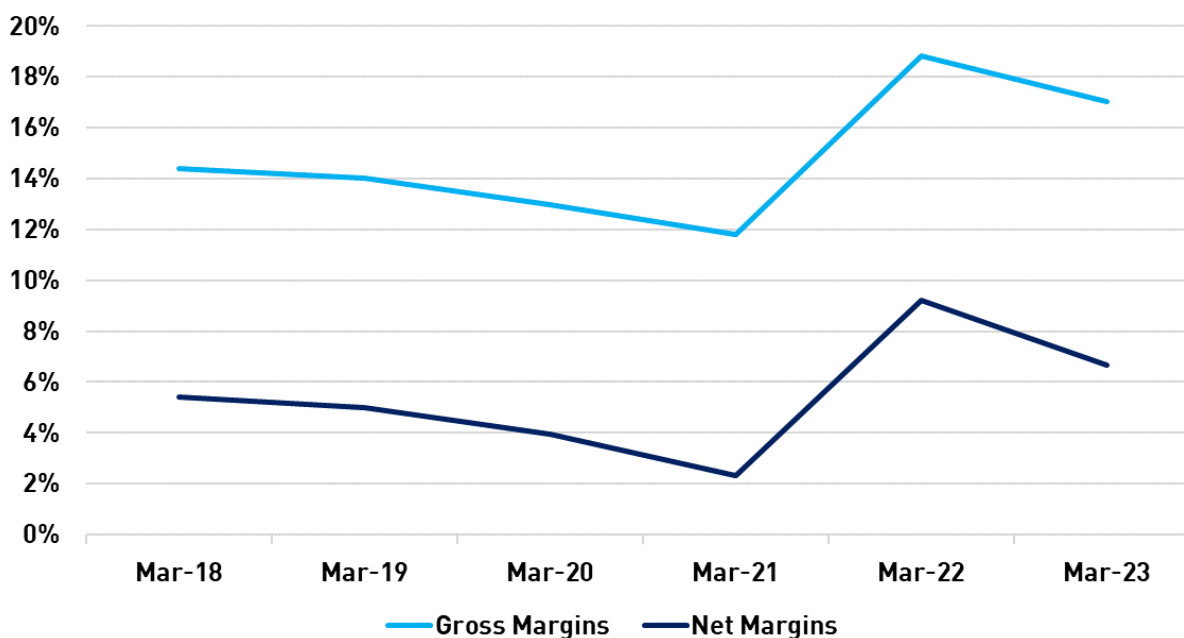


Chart 3: Hospital treatment membership by age groups

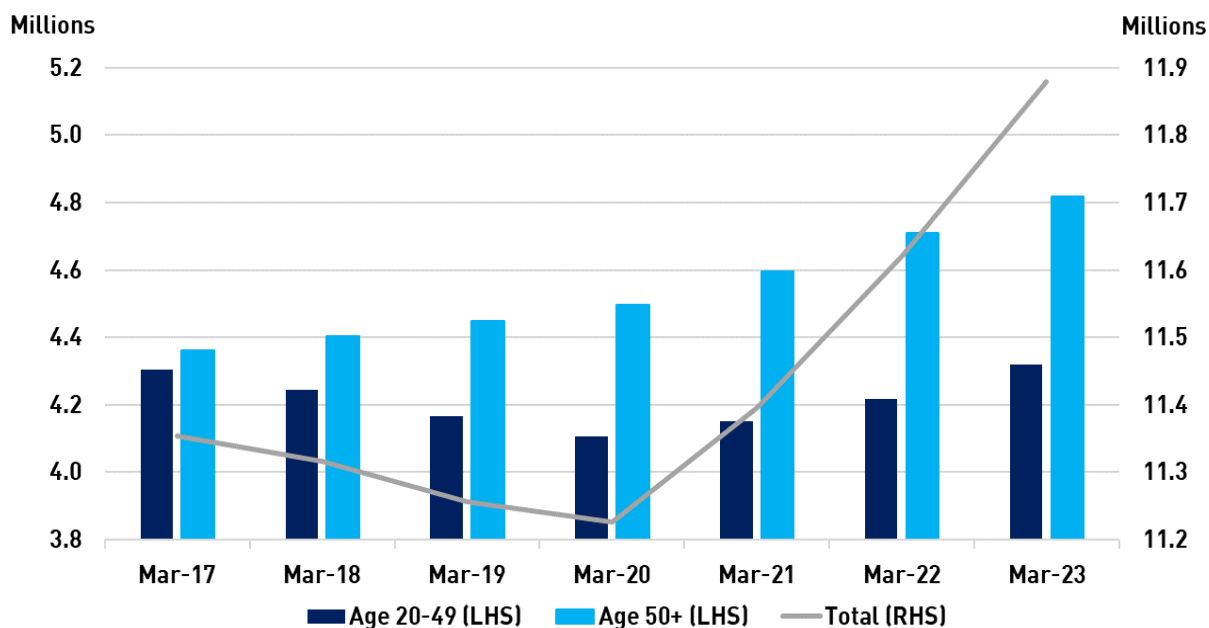


Chart 4: Contributions to quarterly growth in profits

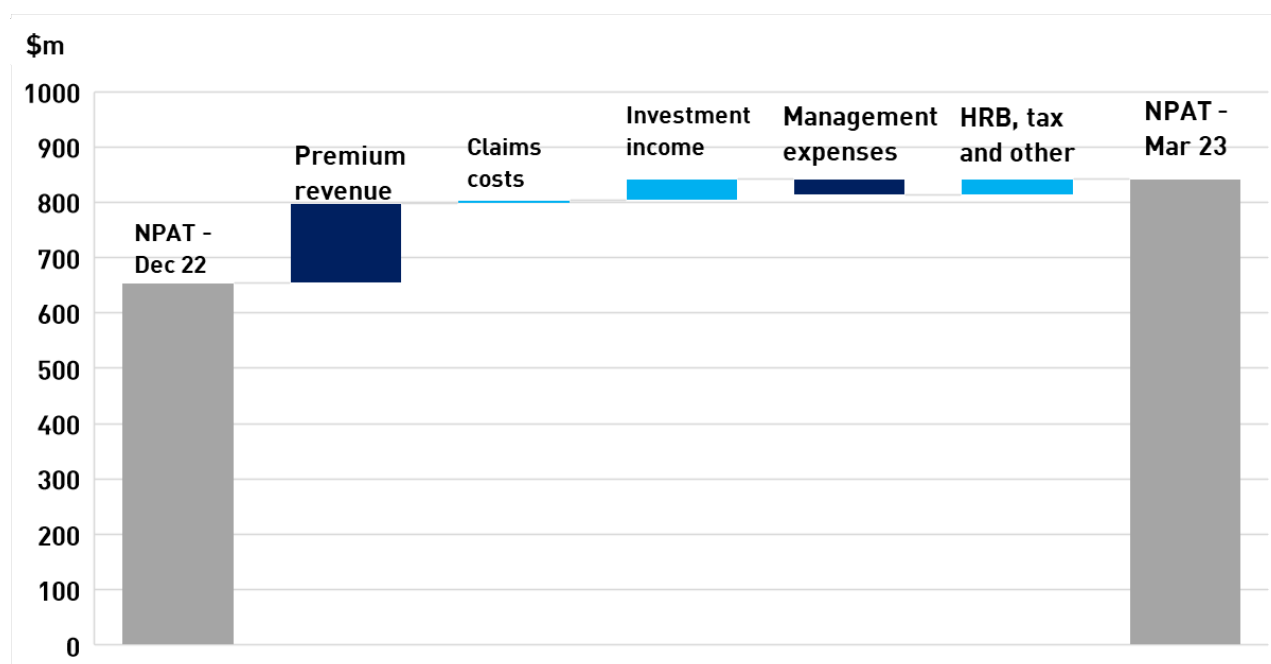


Chart 5: Premium revenue and claim costs

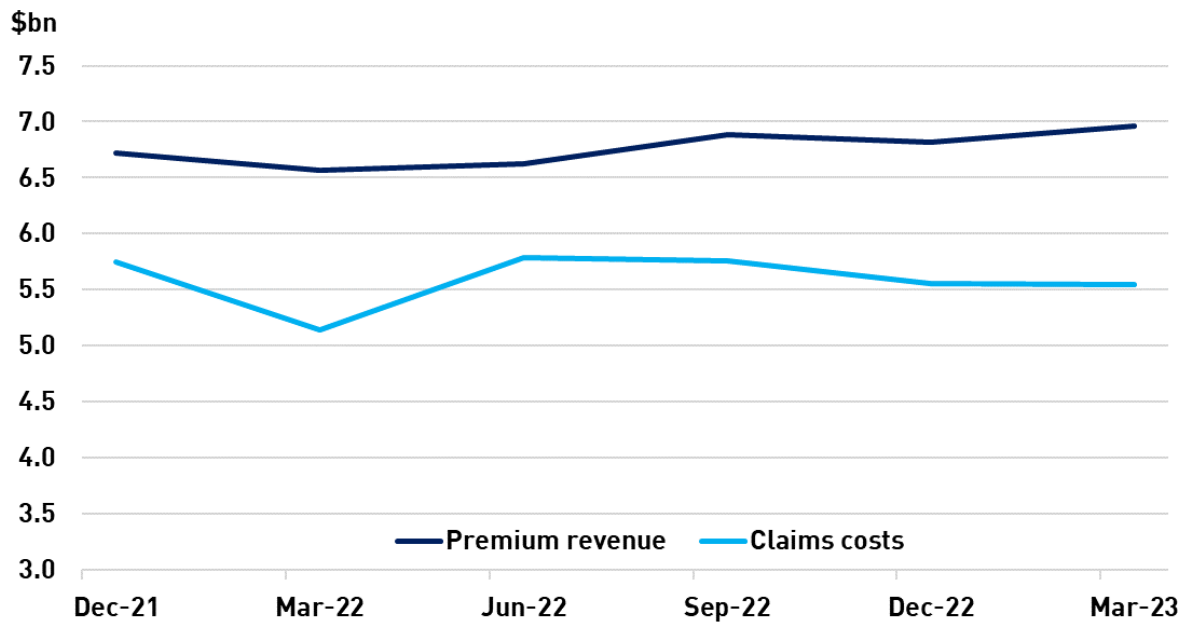
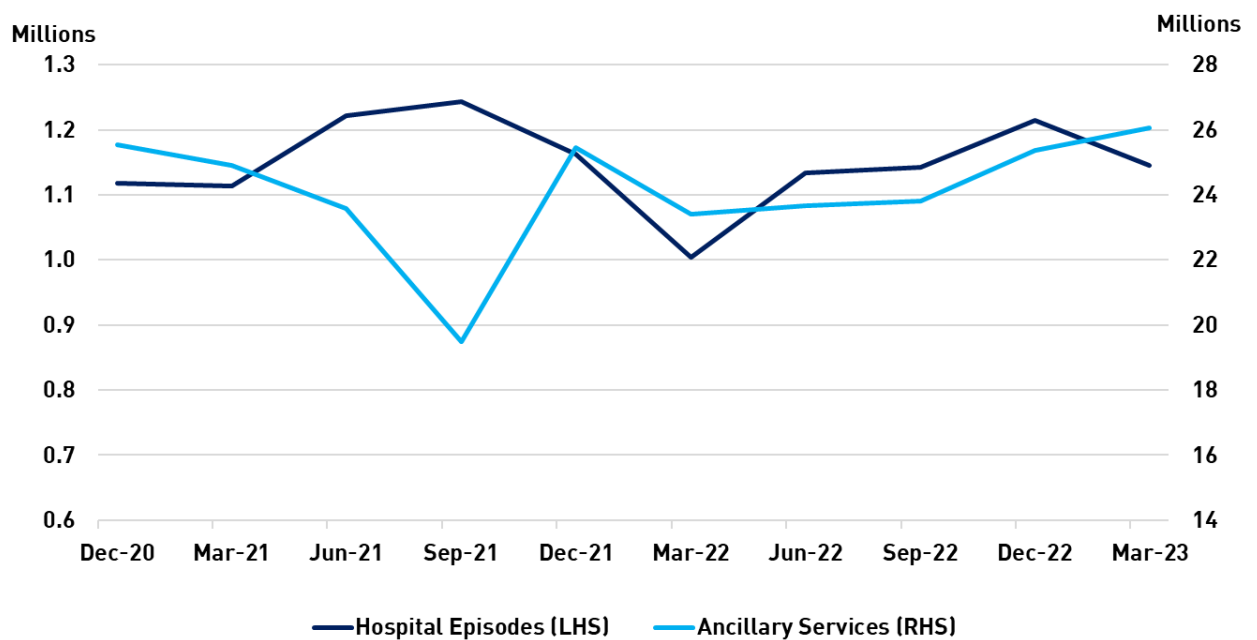


Chart 6: Hospital episodes and ancillary services





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