



STATISTICS

Quarterly private health insurance statistics - highlights

June 2023 (released 23 August 2023)

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Highlights for the year ending 30 June 2023

For the year ending 30 June 2023, the industry reported a more than doubling of net profit after tax to \$2.2 billion. The main driver behind the higher profit result was a recovery in investment income from the losses in the prior year. Insurance margins remained relatively stable over the year (Chart 1).

Premium revenue grew by 3.3 per cent in the year ending 30 June 2023. This was predominantly due to membership growth. Claims costs increased by 2.4 per cent in the year reflecting higher levels of utilisation of services. Management expenses increased by 12.4 per cent as a result of increases in both employee costs¹ and operational and administration expenses². Consequently, while gross margins increased by 0.7 percentage points to 17.6 per cent, net margins declined by 0.2 percentage points to 6.8 per cent (Chart 2).

Hospital treatment membership increased by 2.3 per cent, which represents an increase of 270,160 persons during the year. The percentage of the Australian population with hospital coverage increased to 45.1 per cent as at 30 June 2023, an increase from 44.9 per cent as at 30 June 2022.

Growth in membership was broad-based with membership in the 50+ age group increasing by 2.2 per cent, or by 102,412 persons, and membership among the younger population (insured persons aged 20 to 49) increasing by 2.9 per cent, or by 120,966 persons (Chart 3).

The industry reported net investment income of \$702.4 million for the year ending 30 June 2023 after recording net investment losses of \$292.5 million in the previous year. The recovery in investment income was driven by increases in the values of equities and gains on interest-earning investments.

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

	Year ending 30 June 2022	Year ending 30 June 2023	Yearly Change
Premium revenue	\$26.6 bn	\$27.5 bn	3.3%
Fund benefits (claims)	\$22.1 bn	\$22.6 bn	2.4%
Gross Margin	16.9%	17.6%	0.7pp
Management expenses	\$2.6 bn	\$3.0 bn	12.4%
Net Margin	7.0%	6.8%	-0.2pp
Net investment income	-\$292.5 m	\$702.4 m	-
Net profit after tax	\$1.0 bn	\$2.2 bn	109.8%

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 30 June 2023

For the June 2023 quarter, the industry reported a decline in net profit after tax to \$331.2 million (Chart 4). This result can be attributed to lower premium revenue (Chart 5) and investment income and higher claims costs (Chart 6) in the quarter.

Premium revenue fell by 2.3 per cent in the quarter, mainly due to the impacts of insurer “give backs” and premium rate increase deferrals. As a result of rising claims costs, higher management expenses and lower premium revenue, gross margins fell by 5.4 percentage points and net margins fell by 7.9 percentage points in the June quarter.

Investment income fell in the quarter with the industry reporting investment income of \$162.4 million. This was predominantly driven by unrealised losses on interest-earning investments attributable to the increase in bond yields in the June quarter.

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

	March Quarter 2023	June Quarter 2023	Quarterly Change
Premium revenue	\$7.0 bn	\$6.8 bn	-2.3%
Fund benefits (claims)	\$5.5 bn	\$5.8 bn	4.3%
Gross Margin	20.3%	14.9%	-5.4pp
Management expenses	\$716.4 m	\$874.2 m	22.0%
Net Margin	10.0%	2.1%	-7.9pp
Net investment income	\$289.9 m	\$162.4 m	-44.0%
Net profit after tax (NPAT)	\$842.7 m	\$331.2 m	-60.7%

Historical performance trends

Chart 1: Breakdown of profit components (Year ending)

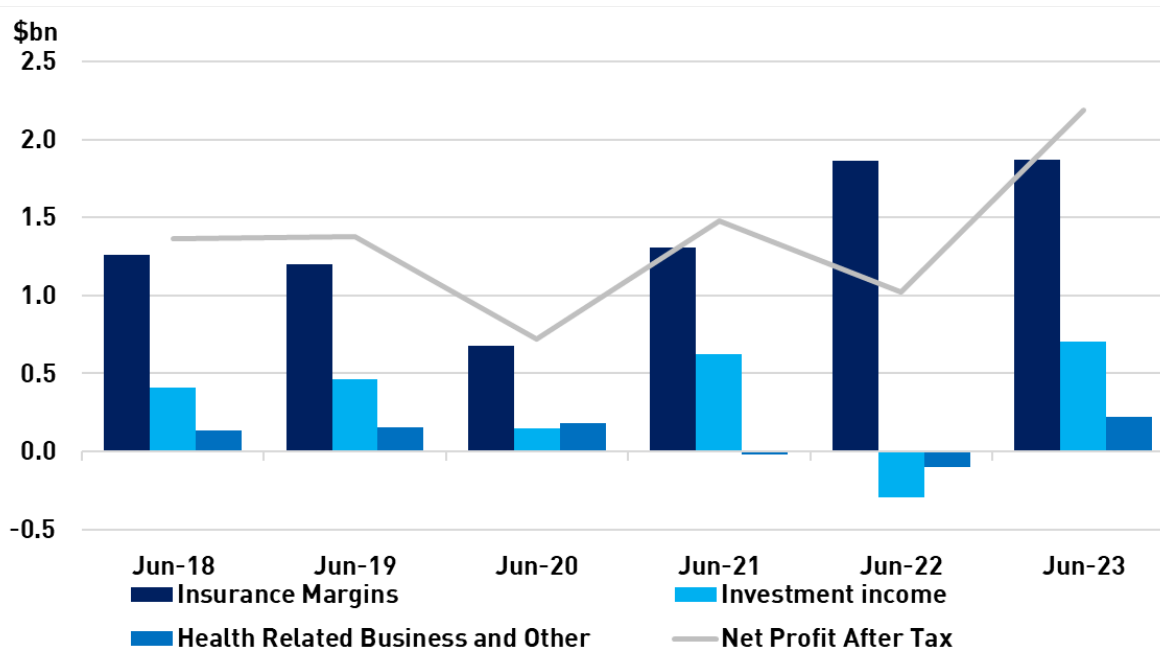


Chart 2: Gross and net margins (Year ending)

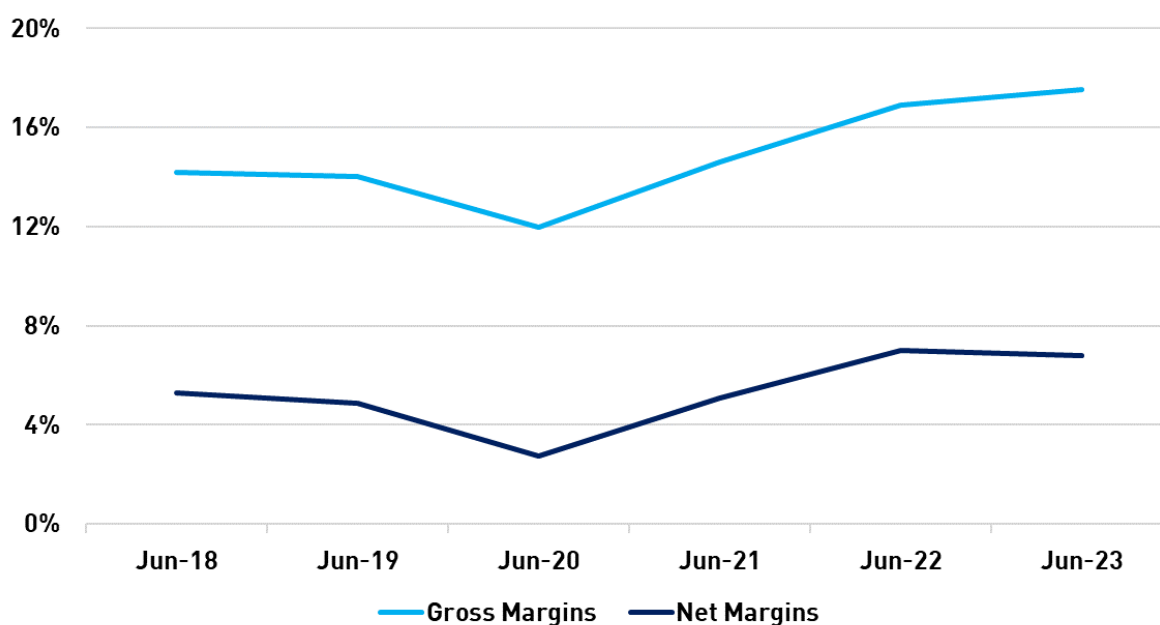


Chart 3: Hospital treatment membership by age groups

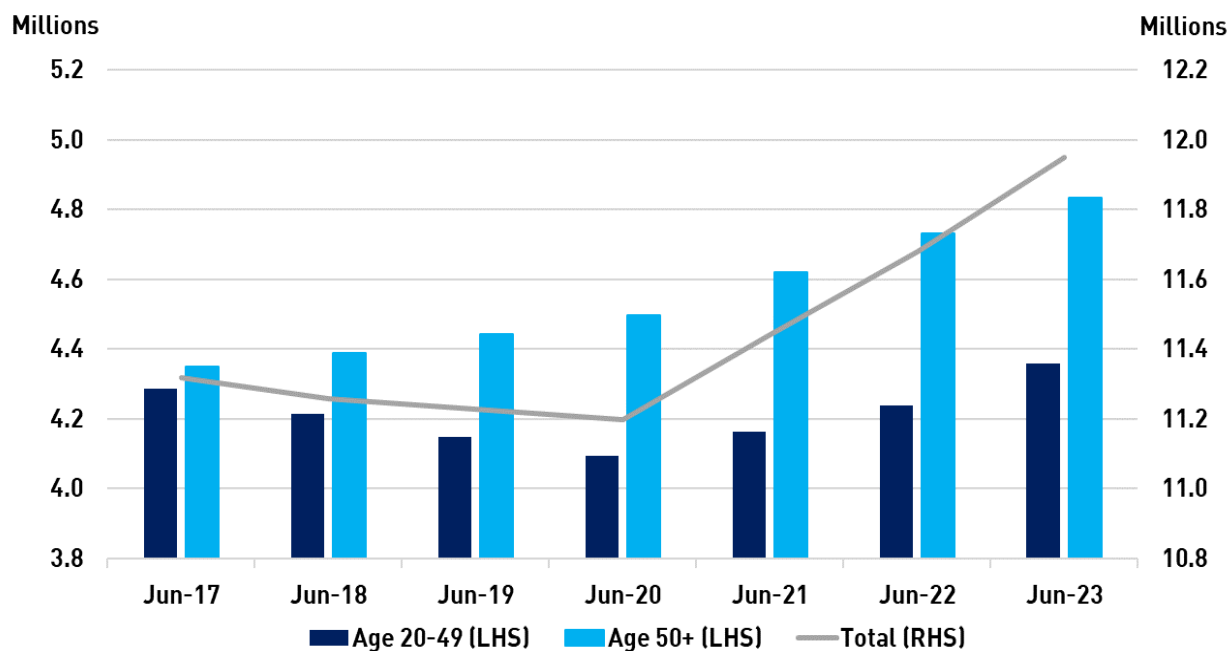
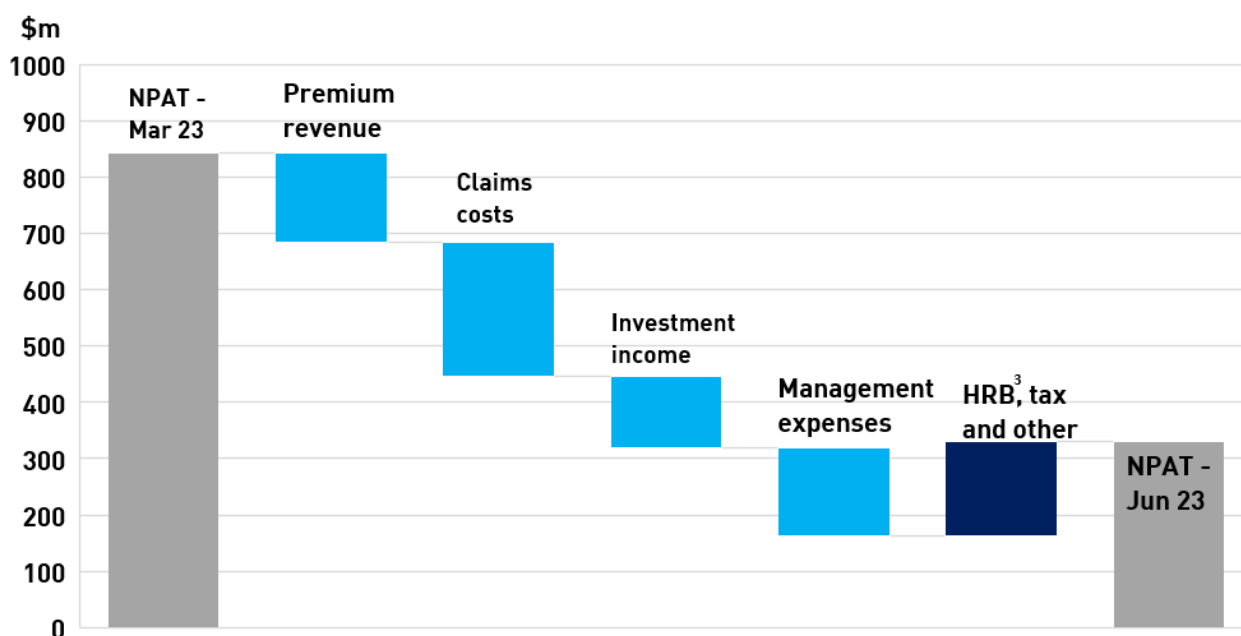


Chart 4: Contributions to quarterly growth in profits



³ Health Related Business (HRB) is defined in the [QPHIS glossary](#). This includes the provision of goods and/or services to manage or prevent disease, injuries or conditions.

Chart 5: Premium revenue and claim costs

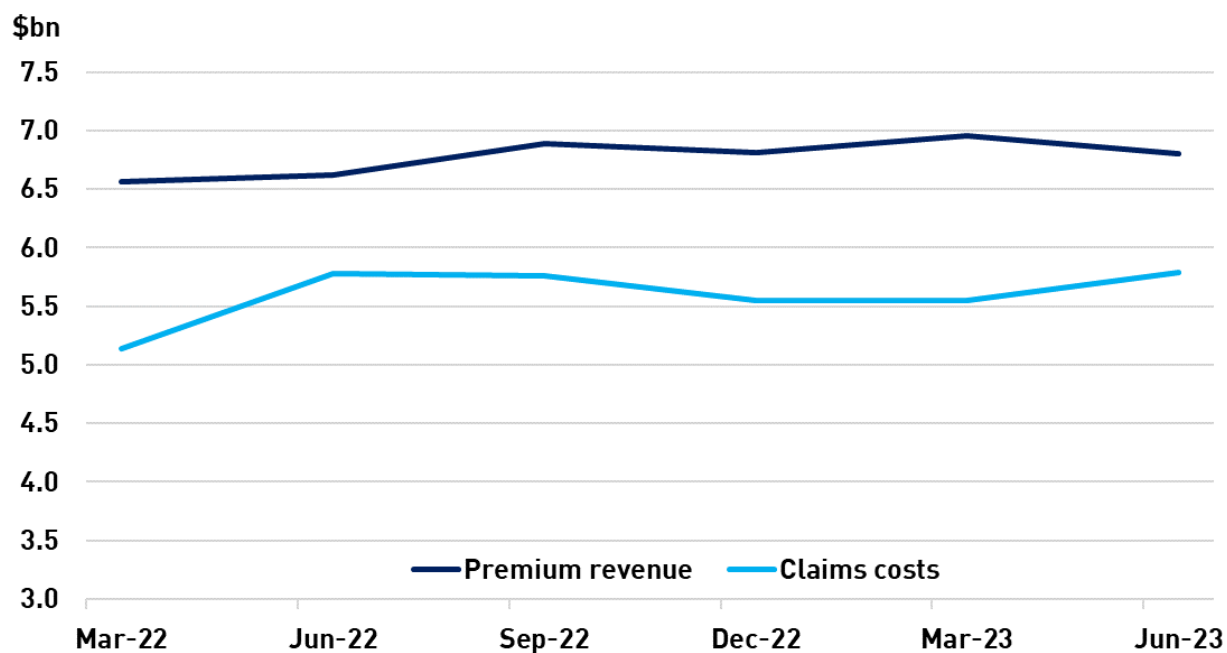
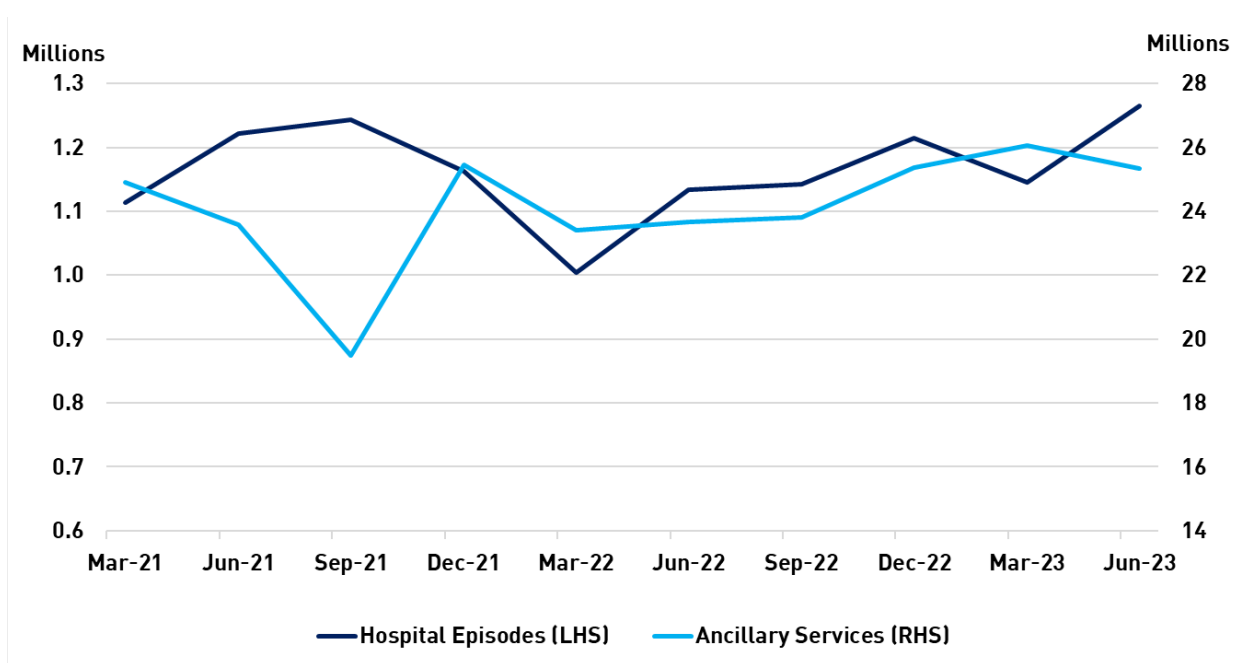


Chart 6: Hospital episodes and ancillary services





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