



STATISTICS

Quarterly Private Health Insurance Statistics

September 2018 (released 15 November 2018)


Contents

| | |
|-------------------------------|----|
| Snapshot of the industry..... | 2 |
| Membership and coverage..... | 3 |
| Benefits paid..... | 5 |
| Service utilisation..... | 8 |
| Out-of-pocket payments..... | 9 |
| Financial information..... | 10 |
| Notes on statistics..... | 12 |
| Related publications..... | 13 |

Copyright

© Australian Prudential Regulation Authority (APRA)

This work is licensed under the Creative Commons Attribution 3.0 Australia Licence (CCBY 3.0).

 This licence allows you to copy, distribute and adapt this work, provided you attribute the work and do not suggest that APRA endorses you or your work. To view a full copy of the terms of this licence, visit: www.creativecommons.org/licenses/by/3.0/au/

Disclaimer

While APRA endeavours to ensure the quality of this publication, APRA does not accept any responsibility for the accuracy, completeness or currency of the material included in this publication, and will not be liable for any loss or damage arising out of any use, or reliance on, this publication.

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

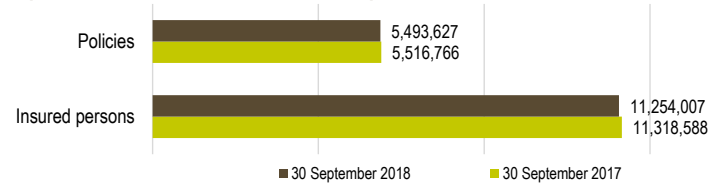
For more information about the statistics in this publication:

DataAnalytics@apra.gov.au

Manager, Private Health Insurance Strategic Intelligence
Australian Prudential Regulation Authority
GPO Box 9836
Sydney NSW 2001

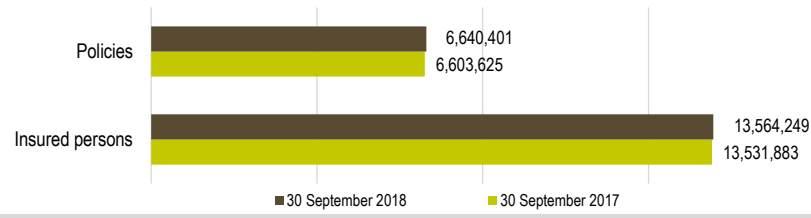
Key metrics

Hospital treatment membership



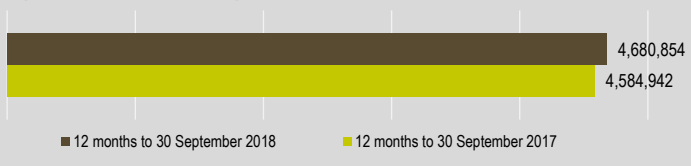
44.9% of population at 30 September 2018
 ↓ **-0.2%** percentage points from 30 Jun 2018
 ↓ **-5,256** insured persons over the quarter

General treatment membership



54.1% of population at 30 September 2018
 ↓ **-0.1%** percentage points from 30 Jun 2018
 ↑ **21,056** insured persons over the quarter

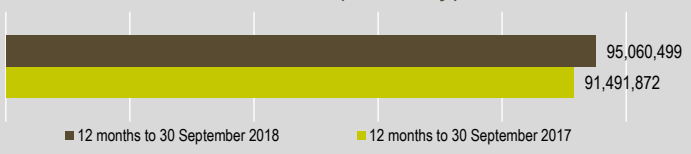
Hospital treatment episodes



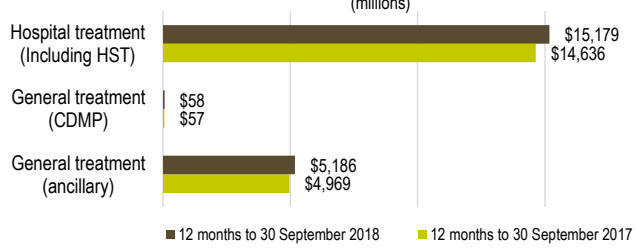
↑ **2.1%** over the 12 months to September 2018
 ↓ **-1.9%** compared to the June 2018 quarter

↑ **3.9%** over the 12 months to September 2018
 ↓ **-3.8%** compared to the June 2018 quarter

General treatment services (ancillary)



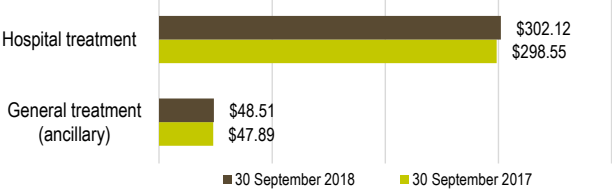
Benefits



↑ **3.7%** over the 12 months to September 2018
 ↑ **3.1%** compared to the September 2017 quarter

↑ **4.4%** over the 12 months to September 2018
 ↑ **3.0%** compared to the September 2017 quarter

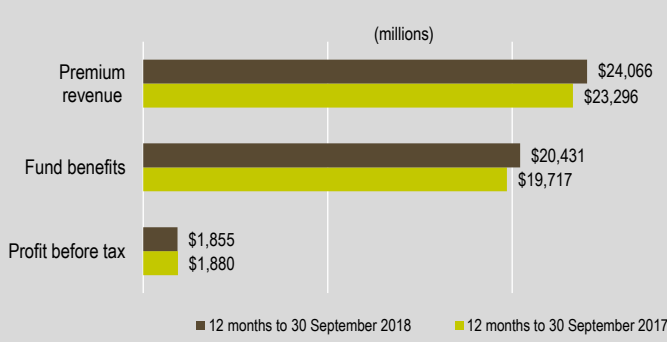
Out-of-pocket per episode/service



↑ **1.2%** over the 12 months to September 2018

↑ **1.3%** over the 12 months to September 2018

Financial



↑ **3.3%** over the 12 months to September 2018

↑ **3.6%** over the 12 months to September 2018

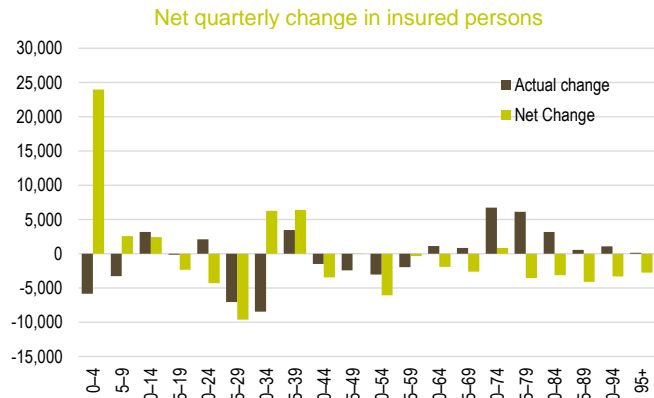
↓ **-1.3%** over the 12 months to September 2018

Hospital Treatment

At 30 September 2018, 11,254,007 people, or 44.9% of the population, were covered by hospital treatment cover. This was a drop of 0.2 percentage points in coverage compared to June 2018.

There was a decrease in coverage of 5,256 insured people in the September 2018 quarter. Single policies decreased by 2,013 and family policies by 1,692 during the quarter.

The largest decrease in coverage during the quarter was 8,479 for people aged between 30 and 34. The largest net decrease (taking into account movement between age groups) was for people aged between 25 and 29, with a drop of 9,616 people.



Lifetime health cover

The majority of adults with hospital cover (88.2%) have a certified age of entry of 30, with no penalty loading; a 0.2 percentage points increase compared to June 2018.

At the end of the September 2018 quarter, there were 960,507 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 81,162. There was a net increase in people with a certified age of entry of 30 (with no penalty) over the year of 47,063. Over the year, 124,775 people had their loading removed after paying a loading for ten years.



| Hospital treatment tables | | | | | | | | |
|---------------------------|-------|-------|-------|-----------|-----------|-------|-------|-------|
| Aust. | 44.9% | 55.1% | Aust. | 5,449,049 | 5,804,958 | Aust. | 48.2% | 51.8% |
| NSW | 46.2% | 53.8% | NSW | 1,794,680 | 1,904,753 | NSW | 48.2% | 51.8% |
| VIC | 41.4% | 58.6% | VIC | 1,296,063 | 1,393,988 | VIC | 50.6% | 49.4% |
| QLD | 41.9% | 58.1% | QLD | 1,017,183 | 1,090,447 | QLD | 45.9% | 54.1% |
| SA | 44.8% | 55.2% | SA | 374,272 | 405,403 | SA | 48.1% | 51.9% |
| WA | 54.6% | 45.4% | WA | 699,813 | 720,739 | WA | 47.1% | 52.9% |
| TAS | 43.1% | 56.9% | TAS | 108,312 | 119,643 | TAS | 48.4% | 51.6% |
| ACT | 54.4% | 45.6% | ACT | 110,389 | 120,262 | ACT | 48.6% | 51.4% |
| NT | 39.7% | 60.3% | NT | 48,337 | 49,723 | NT | 47.6% | 52.4% |

Insured persons
 Non insured persons
 Male
 Female
 Single policies
 Family policies

General Treatment

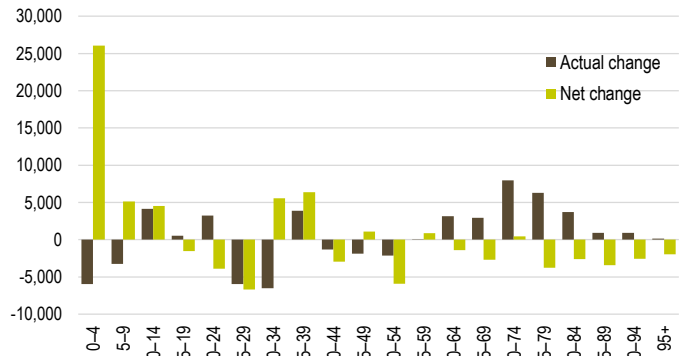
At 30 September 2018, 13,564,249 people or 54.1% of the population had some form of general treatment cover. There was an increase of 21,056 people when compared to the June 2018 quarter.

The increase was driven by both single policies (up 8,476) and family policies (up 2,982). For the 12 months to 30 September 2018, the number of insured persons with general treatment cover has increased by 32,366.

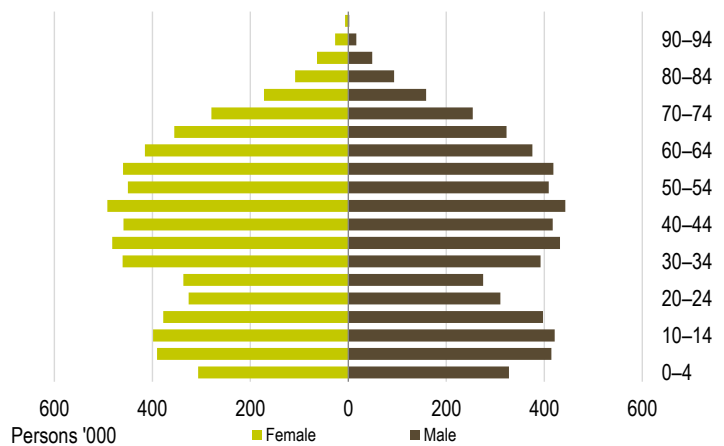
The general treatment (ancillary) by age charts and data in this report show data for those people that have general treatment policies covering ancillary services, regardless of other treatment included in the product. This excludes those general treatment policies that do not cover ancillary treatment.

There was an increase of 10,928 people with general treatment (ancillary) coverage in the September 2018 quarter. The largest net increase in coverage for age groups other than 0 to 4, after accounting for movements across age groups, was 6,393 for people in the 35 to 39 age group.

Net quarterly change in insured persons (ancillary)



Number of persons insured by age (ancillary)



General treatment tables (ancillary)

| Region | Insured persons vs Not insured persons | | Total insured persons | | Policy types | |
|--------|--|-------------------------|-----------------------|-----------|---------------------|---------------------|
| | Insured persons (%) | Not insured persons (%) | Male | Female | Single policies (%) | Family policies (%) |
| Aust. | 54.1% | 45.9% | 5,931,098 | 6,367,339 | 49.0% | 51.0% |
| NSW | 56.3% | 43.7% | 1,991,543 | 2,116,146 | 48.5% | 51.5% |
| VIC | 48.3% | 51.7% | 1,280,938 | 1,383,599 | 51.2% | 48.8% |
| QLD | 48.2% | 51.8% | 1,065,181 | 1,161,297 | 47.3% | 52.7% |
| SA | 59.2% | 40.8% | 460,298 | 504,004 | 48.9% | 51.1% |
| WA | 69.2% | 30.8% | 849,678 | 891,651 | 48.7% | 51.3% |
| TAS | 50.4% | 49.6% | 116,430 | 130,180 | 49.5% | 50.5% |
| ACT | 65.9% | 34.1% | 117,413 | 128,638 | 49.4% | 50.6% |
| NT | 43.9% | 56.1% | 49,617 | 51,824 | 48.6% | 51.4% |

Benefits Paid

Hospital treatment

Benefits per episode/service

| | September 2018 | Change from June 2018 |
|--------------------------------|-----------------|-----------------------|
| Hospital Treatment | | |
| Acute | \$2,300 | 0.5% |
| Medical | \$61 | -0.9% |
| Prostheses | \$669 | -4.6% |
| Cardiac | \$4,231 | -4.5% |
| Hip | \$1,773 | -1.2% |
| Knee | \$1,844 | -1.2% |
| Total benefits and growth rate | | |
| Hospital | \$3,835,412,638 | -1.5% |
| General | \$1,250,749,676 | -4.7% |

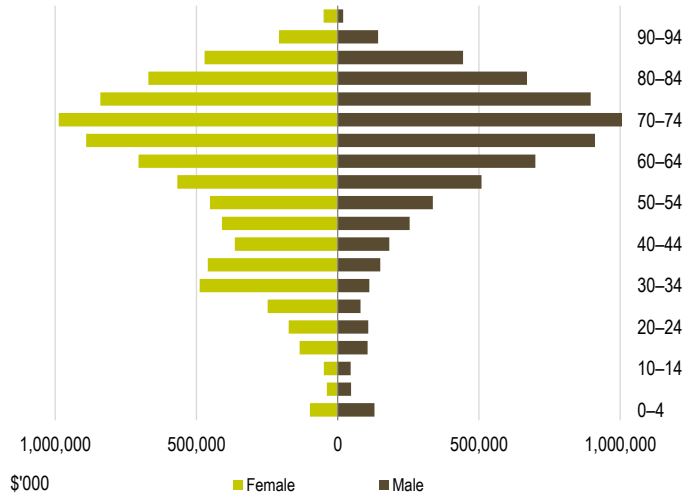
During the September 2018 quarter, insurers paid \$3,835 million in hospital treatment benefits, a decrease of 1.5% compared to the June 2018 quarter. Hospital treatment benefits were comprised of:

- ◇ \$2,714 million for hospital services such as accommodation and nursing
- ◇ \$615 million for medical services
- ◇ \$506 million for prostheses items.

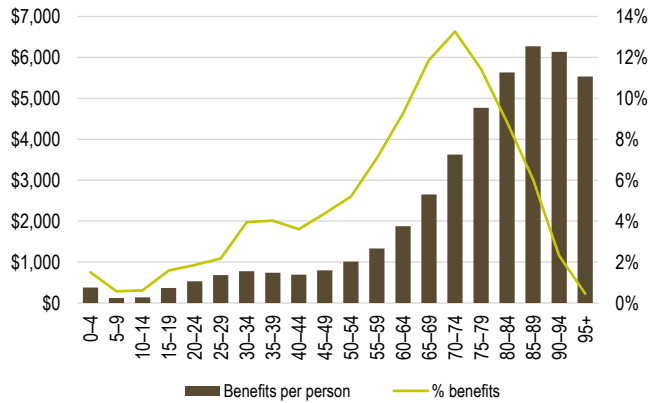
The age group for which most hospital benefits are paid is between 60 and 79 (top chart). Total benefits by age group is affected by the average benefits paid per person (displayed in the second chart) and the number of people in each age group. Older age groups have a higher claiming rate. The rise 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 \$1,293 for the year ending September 2017 to \$1,349 for the year ending September 2018. The largest amount of benefits per person was spent on hospital accommodation and nursing, followed by medical and prostheses benefits.

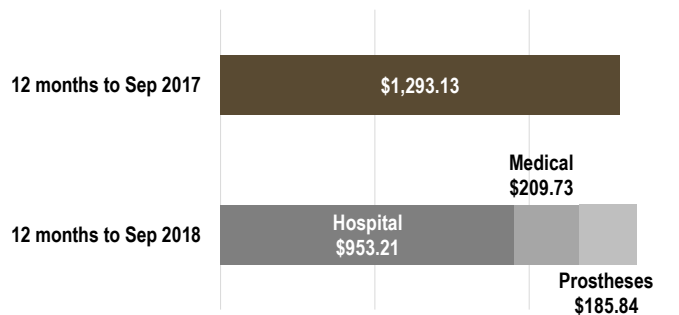
Hospital treatment benefits paid by age 12 months to 30 September 2018



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



Hospital treatment benefits per person



General treatment

Benefits per service

| | September 2018 | Change from June 2018 |
|---------------|----------------|-----------------------|
| Dental | \$64 | -1.2% |
| Chiropractic | \$31 | -1.8% |
| Physiotherapy | \$36 | -1.3% |
| Optical | \$76 | 0.2% |

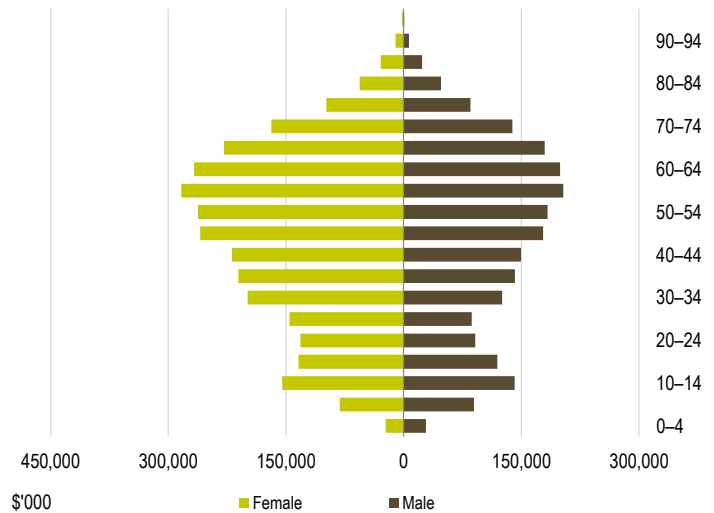
During the September 2018 quarter, insurers paid \$1,236 million in general treatment (ancillary) benefits. This was a decrease of 4.6% compared to the June 2018 quarter. Ancillary benefits for the September 2018 quarter included the major categories of:

- ◇ Dental \$665 million
- ◇ Optical \$188 million
- ◇ Physiotherapy \$107 million
- ◇ Chiropractic \$73 million.

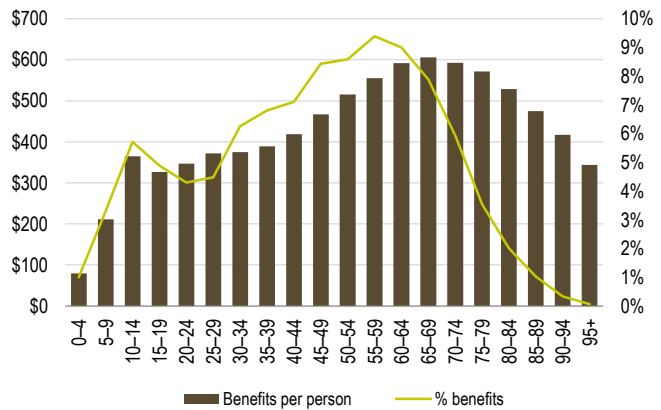
There is a marked difference between the distribution of benefits over age groups between hospital benefits and ancillary benefits. The major difference is the higher claiming rate in older age groups for hospital benefits while benefits per person for ancillary benefits are more evenly spread over the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

General treatment (ancillary) benefits per person during the year to September 2018 were \$422, increasing from \$404 for the year to September 2017. The largest component of ancillary benefits is dental, for which \$223 was paid per insured.

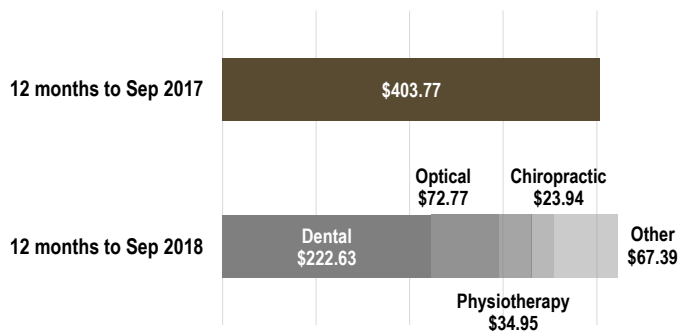
General treatment benefits paid by age 12 months to 30 September 2018 (ancillary)



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



General treatment benefits per person (ancillary)



Medical benefits

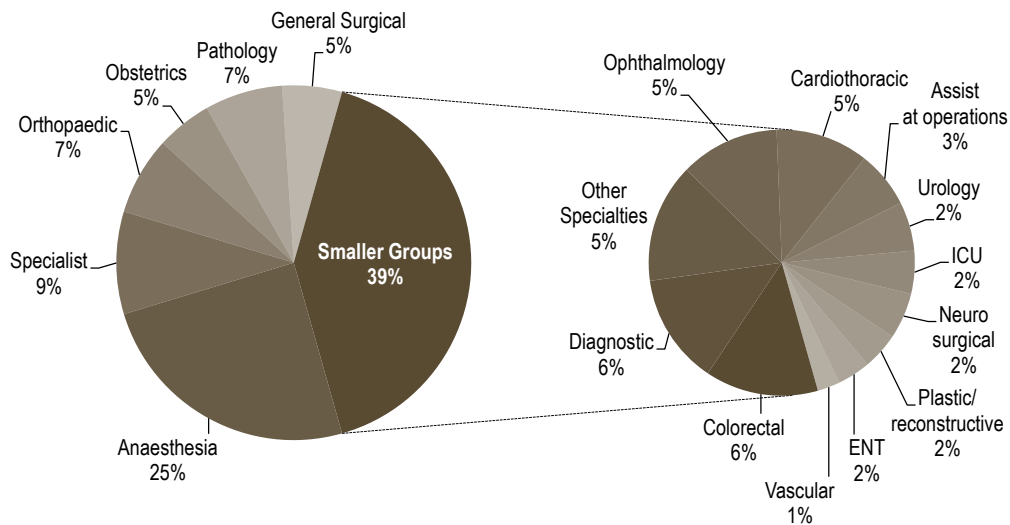
Total benefits for medical services increased 1.4% during the September quarter 2018, driven by a 2.1% increase in the number of services and partially offset by a 0.7% decrease in benefits per service.

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 24.7% of all medical benefits and totalling \$152 million.

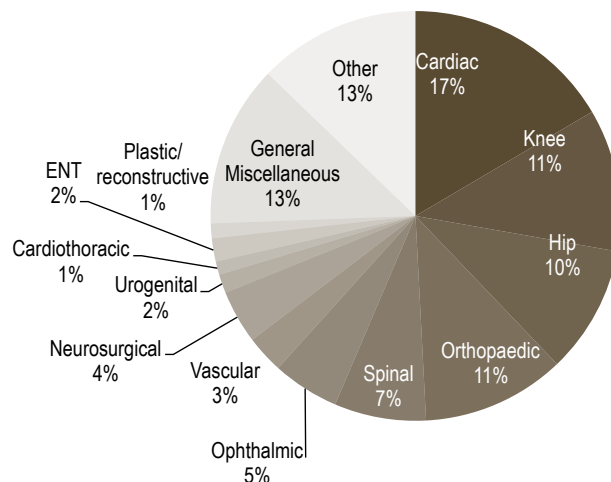
Prostheses benefits

Total benefits paid for prostheses decreased by 6.4% in the September quarter 2018, with benefits per service falling 4.6% and the number of services declining 2.0%. 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 16.5% of all prosthetic benefits and totalling \$84 million.

Medical benefits by Speciality group



Benefits paid for prostheses



Service utilisation

Episodes/Services by type

| | September 2018 | Change from June 2018 |
|------------------------|----------------|-----------------------|
| Hospital Episodes | 1,180,452 | -1.9% |
| Hospital Days | 3,026,462 | -1.1% |
| Medical Services | 10,023,447 | 3.6% |
| Prostheses Items | 756,794 | -2.0% |
| Specialist Orthopaedic | 141,045 | 0.7% |
| Ophthalmic | 90,752 | -2.2% |
| Spinal | 51,790 | -7.1% |
| General Treatment | 23,184,166 | -3.8% |
| Dental | 10,383,159 | -2.7% |
| Chiropractic | 2,343,479 | -4.0% |
| Physiotherapy | 3,015,765 | -4.2% |
| Optical | 2,460,759 | -7.2% |

Hospital utilisation is distributed over four categories of hospital—public, private, day only facilities and hospital-substitute. During the September 2018 quarter, hospital episodes were distributed as follows:

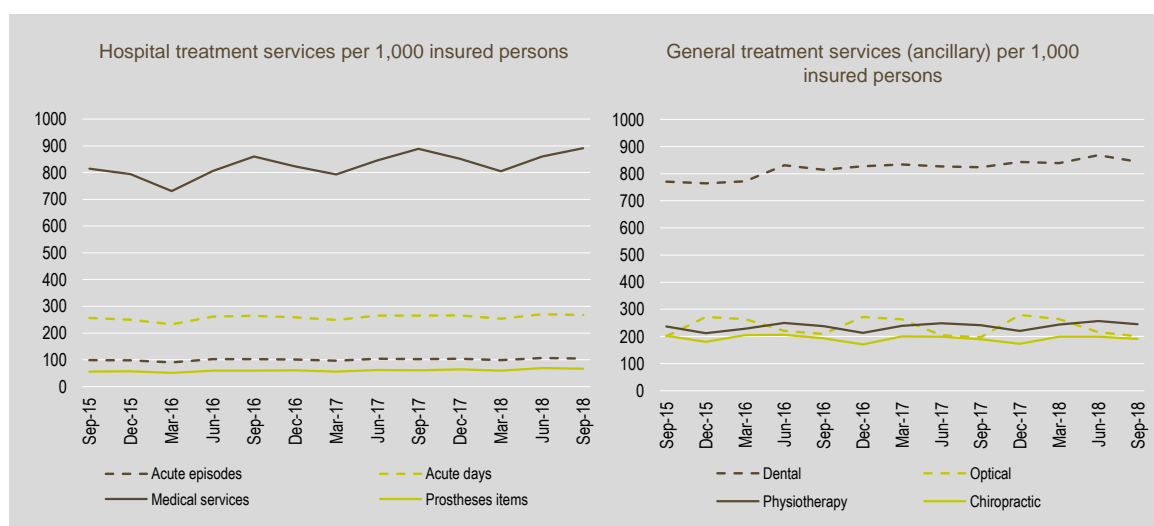
- ◇ public hospitals 201,518 episodes
- ◇ private hospitals 767,166 episodes
- ◇ day hospital facilities 158,845 episodes
- ◇ hospital substitute 52,923 episodes.

For the September 2018 quarter, hospital utilisation (measured in episodes) decreased by 1.9%, driven by decreases in all hospital settings except in hospital-substitute. In the year ending September 2018, episodes in private hospitals increased while episodes in public hospitals remained largely unchanged.

During the September 2018 quarter, insurers paid benefits for 3.03 million days in hospital, arising from 1.18 million hospital episodes of care.

| | Quarter change | Year change |
|---------------------------|----------------|-------------|
| ◇ public hospitals | ↓ -2.2% | ↓ 0.0% |
| ◇ private hospitals | ↓ -1.9% | ↑ 2.9% |
| ◇ day hospital facilities | ↓ -4.9% | ↑ 0.9% |
| ◇ hospital-substitute | ↑ 10.3% | ↑ 2.6% |

Day-only episodes in the four categories of hospital totalled 786,664, a decrease of 2.0% compared to the June 2018 quarter.



Out-of-pocket payments

Average out-of-pocket per episode/service

| | September 2018 | Change from Jun 18 | Change from Sep 17 |
|--------------------------------|----------------|--------------------|--------------------|
| Hospital treatment | \$302.12 | -2.1% | 1.2% |
| Hospital-substitute treatment | \$8.57 | -3.4% | -5.0% |
| General treatment ancillary | \$48.51 | 2.4% | 1.3% |
| Medical gap where gap was paid | \$156.60 | -3.9% | 1.8% |

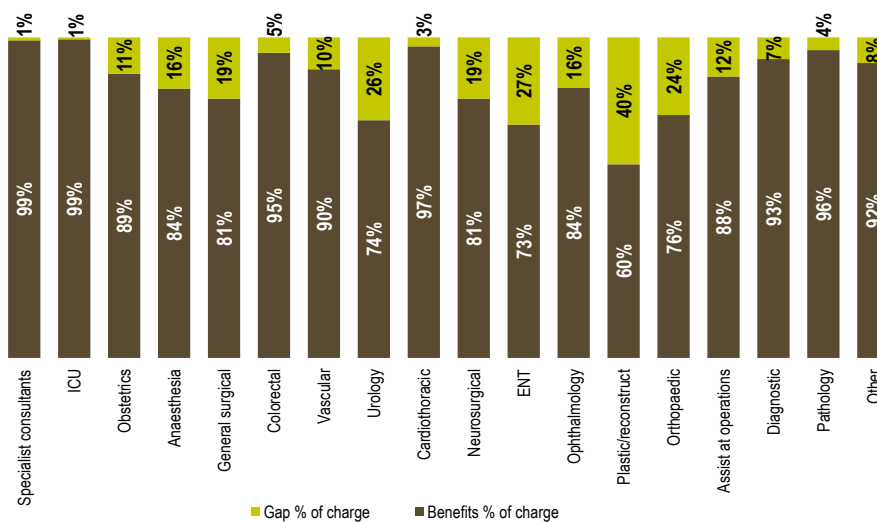
The out-of-pocket payments for hospital episodes increased by 1.2% compared to the same quarter for the previous year.

Out-of-pocket payments for medical services were \$157 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 per service was plastic/reconstructive with an average gap of \$423. Gap incurred for the various medical services is displayed in the first chart.

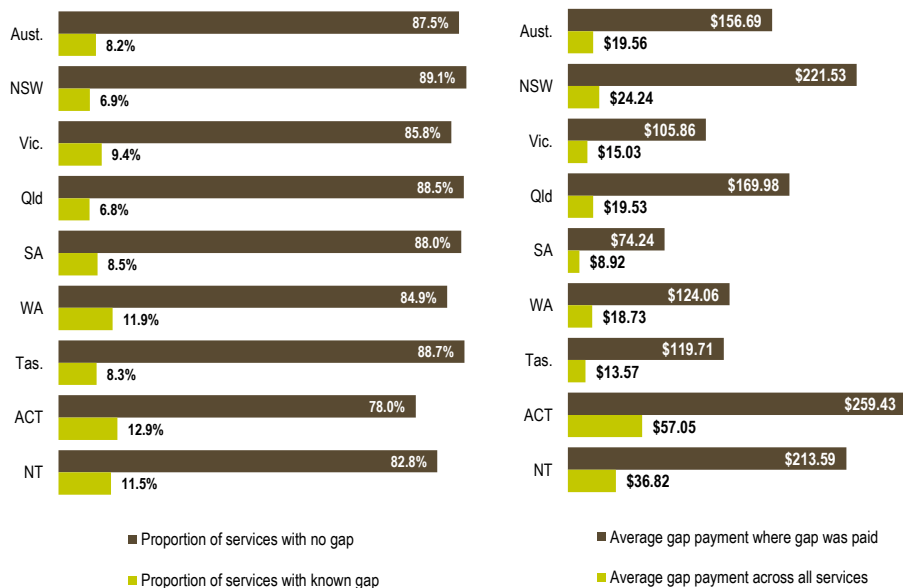
Medical gap also varies by state and territory and these differences are shown in the bottom chart.

The average out-of-pocket (gap) payment for a hospital episode was \$302 in the September 2018 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 September 2018 | 12 months to September 2017 |
|--------------------------------|--------------------------------|--------------------------------|
| Revenue | | |
| HIB premium revenue | 24,065,822 | 23,295,803 |
| Net investment income | 442,378 | 493,311 |
| Net HRB revenue | 142,076 | 132,655 |
| Net other operational revenue | 65,919 | 45,354 |
| Total revenue | 24,716,194 | 23,967,123 |
| Benefits | | |
| Fund benefits | 20,431,171 | 19,717,184 |
| State ambulance levies | 229,086 | 221,835 |
| Total fund benefits | 20,660,257 | 19,939,019 |
| Expenses | | |
| HIB expenses | 1,769,455 | 1,676,823 |
| HIB claims handling | 389,267 | 394,248 |
| Non-operating expenses | 41,962 | 77,111 |
| Total expenses | 2,200,684 | 2,148,181 |
| Profit of the industry | | |
| Profit/(loss) before tax | 1,855,253 | 1,879,923 |
| Taxation expense | 445,408 | 450,477 |
| Profit/(loss) after tax | 1,409,845 | 1,429,446 |
| Margins | | |
| Gross margin | 14.15% | 14.41% |
| HIB expenses | 8.97% | 8.89% |
| Net margin | 5.18% | 5.52% |

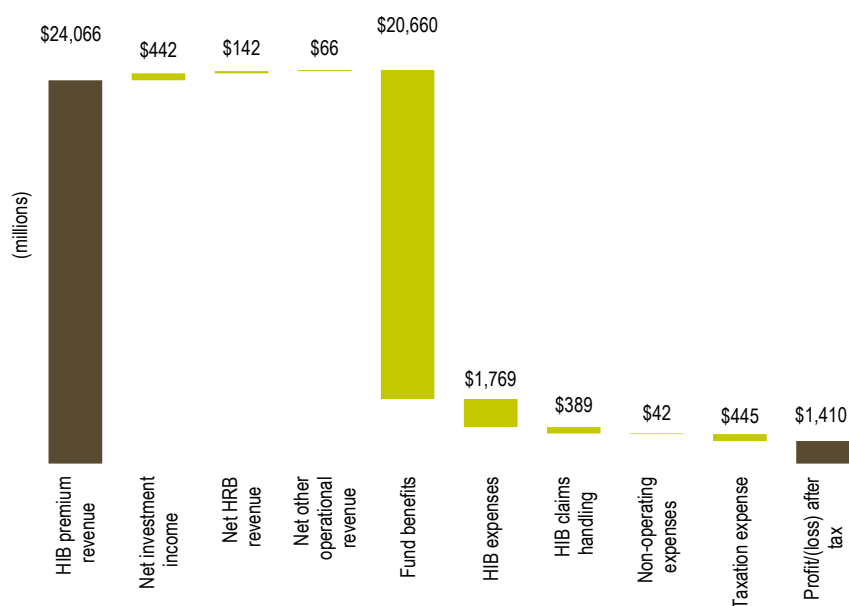
Health Insurance Business (HIB) premium revenue was up 3.3% for the year to September 2018, while total fund benefits increased by 3.6%. As a result, gross margin decreased from 14.41% to 14.15%.

Net investment income decreased from \$493 million in the year ending September 2017 to \$442 million in the year ending September 2018.

HIB expenses as a percentage of revenue increased slightly from 8.89% to 8.97% and net margin decreased from 5.52% to 5.18%.

Net profit after tax was \$1.41 billion for the year ended September 2018, compared with \$1.43 billion for the previous 12 months.

Health Benefits Fund Profit After Tax Breakdown for 12 months to September 2018



Prudential Position

| All figures \$'000 | September 2018 | June 2018 | September 2017 |
|---|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash | 958,877 | 942,401 | 973,687 |
| Investments | | | |
| Equities | 1,597,997 | 1,507,534 | 1,330,255 |
| Interest bearing assets | 8,217,945 | 8,617,253 | 8,112,844 |
| Property | 711,985 | 699,751 | 604,170 |
| Subsidiary and associated entities | 268,419 | 284,592 | 281,063 |
| Loans | 34,360 | 31,485 | 28,244 |
| Receivables | 58,593 | 52,078 | 54,724 |
| Intangibles DAC and FITBS | 868,084 | 850,811 | 829,996 |
| Pre-paid expenses | 61,969 | 59,465 | 47,766 |
| Other* | 1,310,223 | 1,372,826 | 1,334,510 |
| Total assets | 14,088,452 | 14,418,197 | 13,597,260 |
| Liabilities | | | |
| Unearned premium liabilities | 2,763,202 | 3,099,287 | 2,716,300 |
| Unpresented & outstanding claims | 2,067,167 | 2,028,031 | 2,044,908 |
| Other fund liabilities | 174,892 | 186,433 | 175,008 |
| Interest bearing liabilities | 2,800 | 34,638 | 35,514 |
| Payables, provisions & other liabilities | 798,946 | 773,034 | 836,396 |
| Total liabilities | 5,807,007 | 6,121,423 | 5,808,127 |
| Total assets minus total liabilities | 8,281,444 | 8,296,774 | 7,789,133 |

The industry held total assets of \$14.1 billion as at 30 September 2018.

Total assets have increased by \$491 million in the last 12 months.

Total liabilities reported by the industry have decreased by \$1.1 million over the year.

Total net assets increased from \$7.8 billion in September 2017 to \$8.3 billion in September 2018.

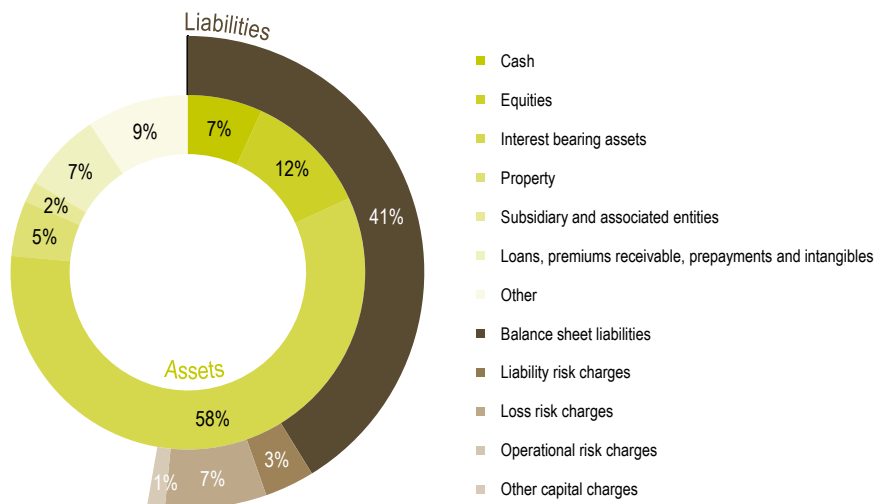
Capital Adequacy Requirement

| All figures \$'000 | September 2018 | June 2018 | September 2017 |
|---|------------------|------------------|------------------|
| Total Liabilities | 5,807,007 | 6,121,423 | 5,808,127 |
| Liability risk charges | 480,428 | 479,996 | 440,403 |
| Loss risk charges | 977,643 | 957,939 | 896,711 |
| Operational risk charges | 169,122 | 168,142 | 166,218 |
| Other capital charges | 72,859 | 92,096 | 47,031 |
| Less subordinated debt | 4,069 | 34,000 | 30,000 |
| Total Capital Adequacy Requirement[#] | 7,502,989 | 7,785,597 | 7,328,489 |

* 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 September 2018



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 Dec 2016 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 2016 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>



 **APRA**