

19 February 2018

Private health insurer merger means more profits, less value for consumers

The further market consolidation in the private health insurance industry coming from the \$4 billion plan for HBF to merge with HCF will result in less value for money for policy holders and make it harder for consumers to access health care.

“There is little evidence that consumers are getting adequate value for money when it comes to their private health insurance, yet taxpayers’ funds are underwriting the industry to the sum of \$6 billion per annum in the form of the private health insurance rebate”, Dr Hugo Sachs, President of the Australian Dental Association (ADA) said.

In spite of this industry subsidy provided by the Australian Government, individuals still pay more out of pocket for dental health each year – almost 60% annually according to the Health Expenditure reports released by the Australian Institute of Health and Welfare. Over the same period of time, private health insurers’ overall contribution to dental services has only increased from 14% to 18%.

Dental benefits represent around 53% of all rebates paid under general treatment or ‘extras’ policies. Data from the Australian Prudential Regulation Authority demonstrates that the average rebate paid per dental service in 2015 was \$65 then actually dropped by 3.1% to \$63 in 2016 and has only come back to \$65 per dental service according to the latest APRA report. That’s 2015 rebate levels!

Dr Sachs continued, “Private health insurance premiums are only one side of the equation. They have been going up higher than the health CPI. We also need to look at what policy holders get back, their rebates, on the other side of the value equation. For dental services, private health insurance pays back at a much lower rate than the premiums paid by consumers. Consumers are getting duded both ways”.

The Australian Prudential Regulatory Authority’s latest report on private health insurers’ membership and benefits released earlier last week show that for the December 2017 quarter, benefits only paid for 46% of the cost of policy holders’ dental treatment. The rest had to be paid out of policy holders’ pockets.

APRA state that in 2017, private health insurers amassed \$1.86 billion in pre-tax profits, of which they paid only 24% of this in tax (\$439 million).

Dr Sachs concluded: “Whether or not market consolidation occurs from for-profit or not-for-profit insurers, consumers are not getting a better deal from this. This planned merger will see consumers get less and less value out of their private health insurance and yet have to pay more for that privilege”.

Interviews available with: Dr Hugo Sachs, President

-  www.facebook.com/AustralianDentalAssociation
-  www.facebook.com/HealthyTeethAustralia
-  [@Aus_Dental](https://twitter.com/Aus_Dental)