



STATISTICS

Quarterly Private Health Insurance Statistics

December 2018 (released 14 February 2019)


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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

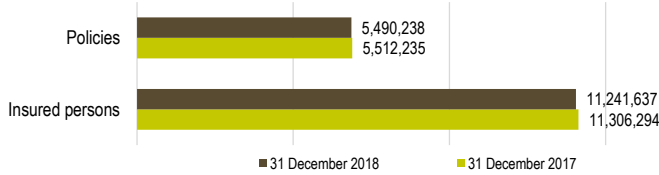
For more information about the statistics in this publication:

DataAnalytics@apra.gov.au

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

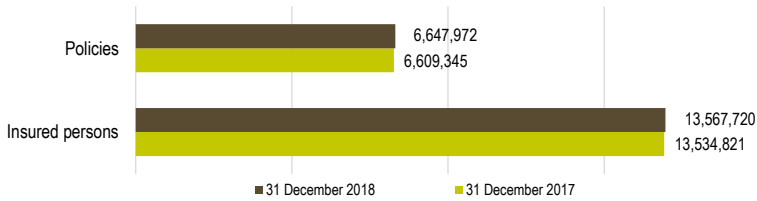
Key metrics

Hospital treatment membership



44.6% of population at 31 December 2018
 ↓ **-0.3%** percentage points from 30 Sep 2018
 ↓ **-12,370** insured persons over the quarter

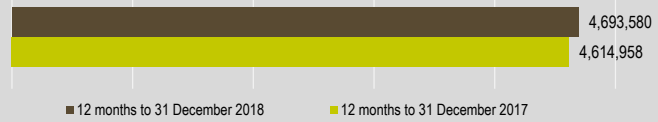
General treatment membership



53.9% of population at 31 December 2018
 ↓ **-0.2%** percentage points from 30 Sep 2018
 ↑ **3,471** insured persons over the quarter

Hospital treatment episodes

↑ **1.7%** over the 12 months to December 2018
 ↑ **0.7%** compared to the September 2018 quarter

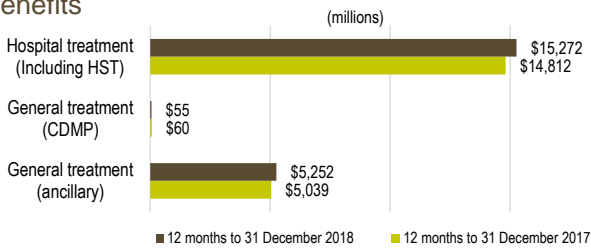


General treatment services (ancillary)

↑ **3.9%** over the 12 months to December 2018
 ↑ **5.2%** compared to the September 2018 quarter



Benefits



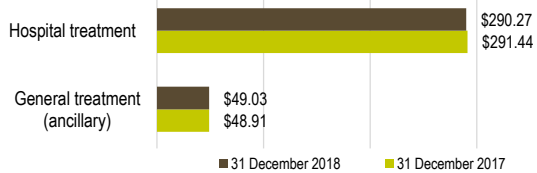
↑ **3.1%** over the 12 months to December 2018
 ↑ **2.4%** compared to the December 2017 quarter

↑ **4.2%** over the 12 months to December 2018
 ↑ **5.1%** compared to the December 2017 quarter

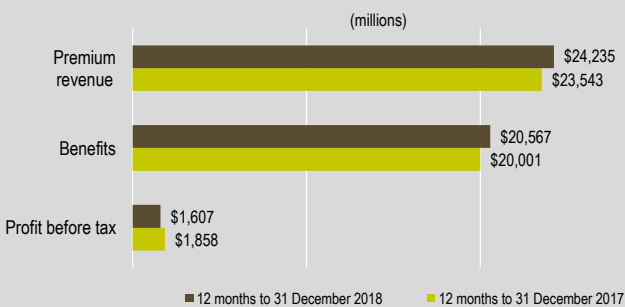
Out-of-pocket per episode/service

↓ **-0.4%** over the 12 months to December 2018

↑ **0.2%** over the 12 months to December 2018



Financial



↑ **2.9%** over the 12 months to December 2018

↑ **2.8%** over the 12 months to December 2018

↓ **-13.5%** over the 12 months to December 2018

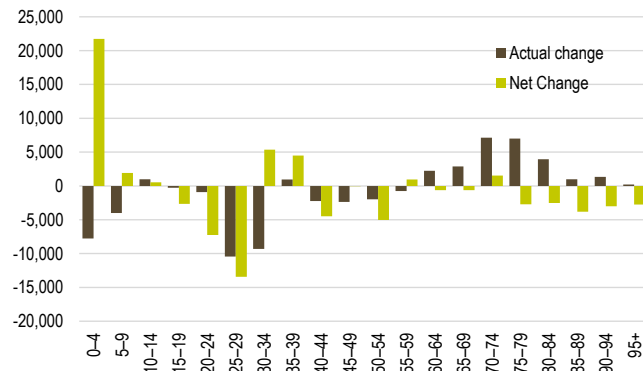
Hospital Treatment

At 31 December 2018, 11,241,637 people, or 44.6% of the population, were covered by hospital treatment cover. This was a drop of 0.3 percentage points in coverage compared to September 2018.

There was a decrease in coverage of 12,370 insured people in the December 2018 quarter. Single policies decreased by 1,917 and family policies by 1,472 during the quarter.

The largest decrease in coverage during the quarter was 10,448 for people aged between 25 and 29. The largest net decrease¹ was also for the same age group, with a drop of 13,443 people.

Net quarterly change in insured persons

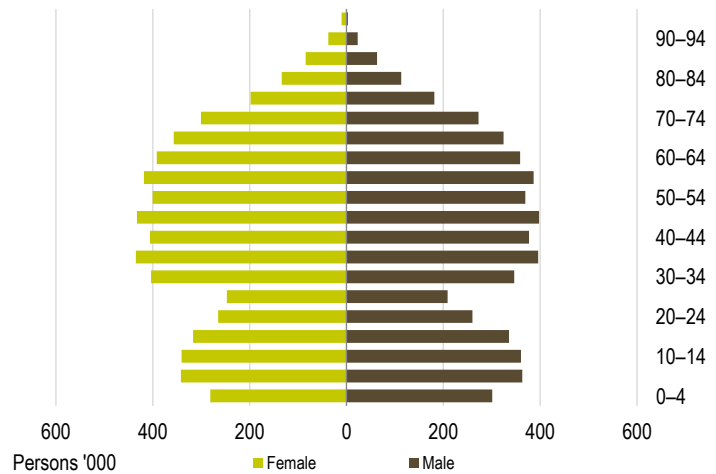


Lifetime health cover

The majority of adults with hospital cover (88.4%) have a certified age of entry of 30, with no penalty loading; a 0.2 percentage points increase compared to September 2018.

At the end of the December 2018 quarter, there were 945,123 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 73,681. There was a net increase in people with a certified age of entry of 30 (with no penalty) over the year of 37,311. Over the year, 118,046 people had their loading removed after paying a loading for ten years.

Number of persons insured by age



State/Territory	Insured persons (%)	Non insured persons (%)	Male	Female	Single policies (%)	Family policies (%)
Aust.	44.6%	55.4%	5,441,576	5,800,061	48.2%	51.8%
NSW	45.9%	54.1%	1,793,037	1,903,477	48.2%	51.8%
VIC	41.2%	58.8%	1,295,392	1,394,085	50.6%	49.4%
QLD	41.6%	58.4%	1,014,512	1,088,124	45.9%	54.1%
SA	44.7%	55.3%	373,880	405,323	48.1%	51.9%
WA	54.4%	45.6%	698,238	719,652	47.0%	53.0%
TAS	42.9%	57.1%	108,230	119,603	48.4%	51.6%
ACT	54.2%	45.8%	110,245	120,232	48.6%	51.4%
NT	39.5%	60.5%	48,042	49,565	47.6%	52.4%

¹ The net measure takes into account movement between age groups. See Glossary for further explanations and the calculation methodology.

General Treatment

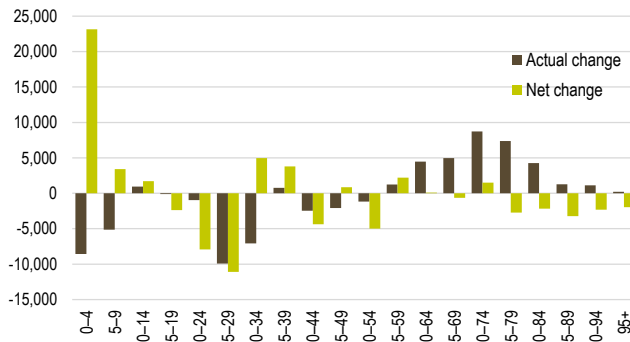
At 31 December 2018, 13,567,720 people or 53.9% of the population had some form of general treatment cover. There was an increase of 3,471 people when compared to the September quarter.

The increase was mainly driven by single policies (up 6,071). For the 12 months to 31 December 2018, the number of insured persons with general treatment cover has increased by 32,899.

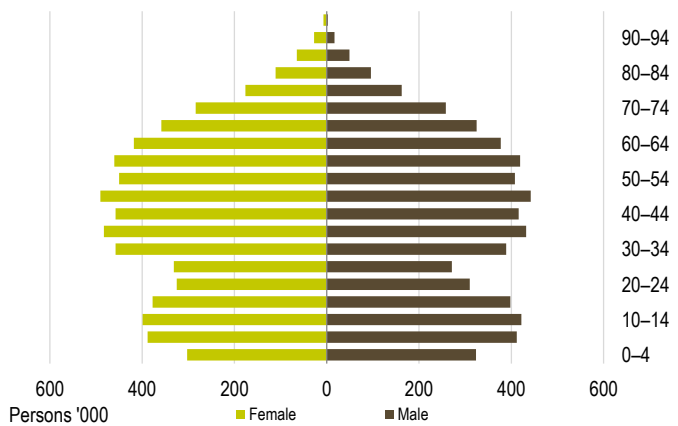
The general treatment (ancillary) by age charts and data in this report show data for those people that have general treatment policies covering ancillary services, regardless of other treatment included in the product. This excludes those general treatment policies that do not cover ancillary treatment.

There was a decrease of 2,080 people with general treatment (ancillary) coverage in the December 2018 quarter. The largest net decrease¹ in coverage, after accounting for movements across age groups, was 11,107 for people in the 25 to 29 age group.

Net quarterly change in insured persons (ancillary)



Number of persons insured by age (ancillary)



State/Territory	Insured persons (%)	Not insured persons (%)	Total Insured (Male/Female)	Total Not Insured (Male/Female)	Single policies (%)	Family policies (%)
Aust.	53.9%	46.1%	5,928,058 / 6,368,299	49.0% / 51.0%		
NSW	56.2%	43.8%	1,991,446 / 2,116,986	48.5% / 51.5%		
VIC	48.1%	51.9%	1,281,564 / 1,385,190	51.2% / 48.8%		
QLD	48.0%	52.0%	1,063,344 / 1,160,287	47.3% / 52.7%		
SA	59.1%	40.9%	460,228 / 504,422	49.0% / 51.0%		
WA	69.1%	30.9%	848,519 / 890,938	48.6% / 51.4%		
TAS	50.2%	49.8%	116,371 / 130,184	49.6% / 50.4%		
ACT	65.7%	34.3%	117,113 / 128,608	49.4% / 50.6%		
NT	43.7%	56.3%	49,473 / 51,684	48.8% / 51.2%		

¹ The net measure takes into account movement between age groups. See Glossary for further explanations and the calculation methodology.

Benefits Paid

Hospital treatment

Benefits per episode/service

	December 2018	Change from September 2018
Hospital Treatment		
Acute	\$2,370	3.1%
Medical	\$62	0.8%
Prostheses	\$673	0.7%
Cardiac	\$4,161	-1.7%
Hip	\$1,748	-1.4%
Knee	\$1,824	-1.1%
Total benefits and growth rate		
Hospital	\$ 3,964,935,877	3.4%
General	\$1,364,495,117	9.1%

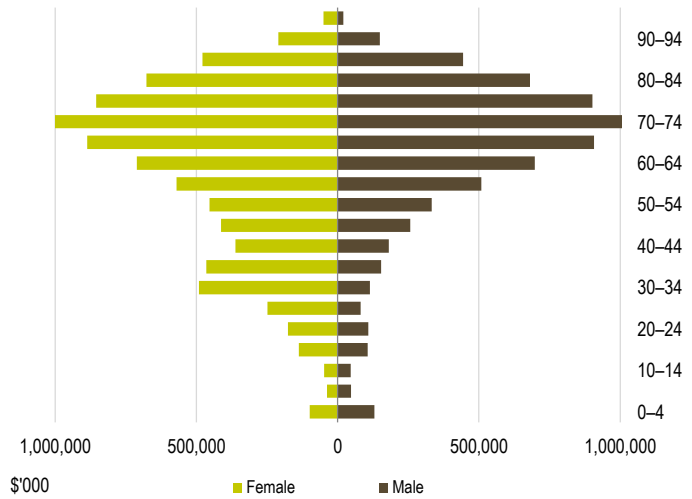
During the December 2018 quarter, insurers paid \$3,965 million in hospital treatment benefits, an increase of 3.4% compared to the September 2018 quarter. Hospital treatment benefits were comprised of:

- ◇ \$2,818 million for hospital services such as accommodation and nursing
- ◇ \$613 million for medical services
- ◇ \$534 million for prostheses items.

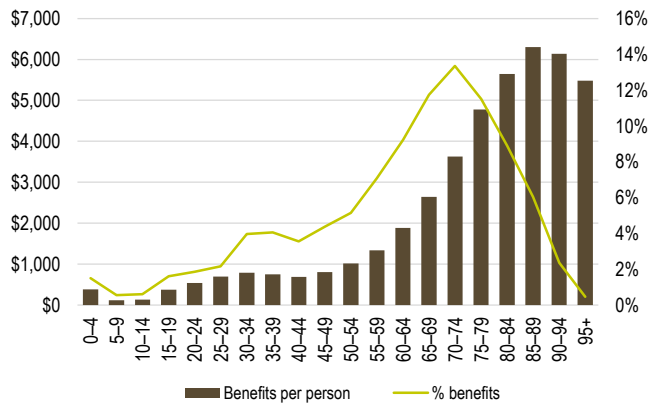
The age group for which most hospital benefits are paid is between 60 and 79 (top chart). Total benefits by age group is affected by the average benefits paid per person (displayed in the second chart) and the number of people in each age group. Older age groups have a higher claiming rate. The rise 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 \$1,310 for the year ending December 2017 to \$1,359 for the year ending December 2018. The largest amount of benefits per person was spent on hospital accommodation and nursing, followed by medical and prostheses benefits.

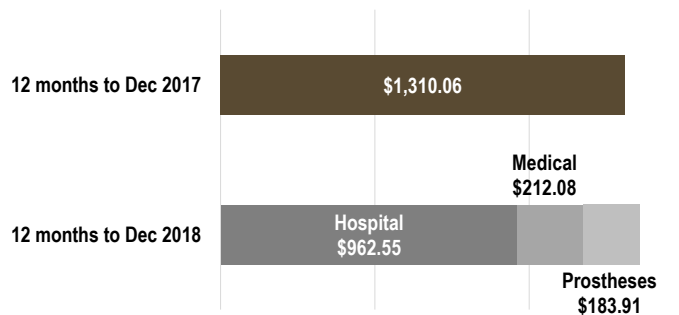
Hospital treatment benefits paid by age 12 months to 31 December 2018



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



Hospital treatment benefits per person



General treatment

Benefits per service

	December 2018	Change from September 2018
Dental	\$66	2.5%
Chiropractic	\$30	-2.0%
Physiotherapy	\$35	-0.8%
Optical	\$75	-1.4%

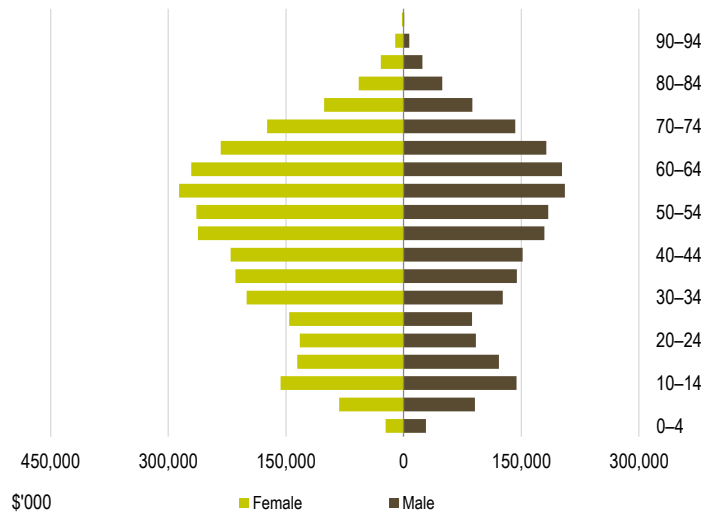
During the December 2018 quarter, insurers paid \$1,353 million in general treatment (ancillary) benefits. This was an increase of 9.5% compared to the September 2018 quarter. Ancillary benefits for the December 2018 quarter included the major categories of:

- ◇ Dental \$717 million
- ◇ Optical \$266 million
- ◇ Physiotherapy \$98 million
- ◇ Chiropractic \$65 million.

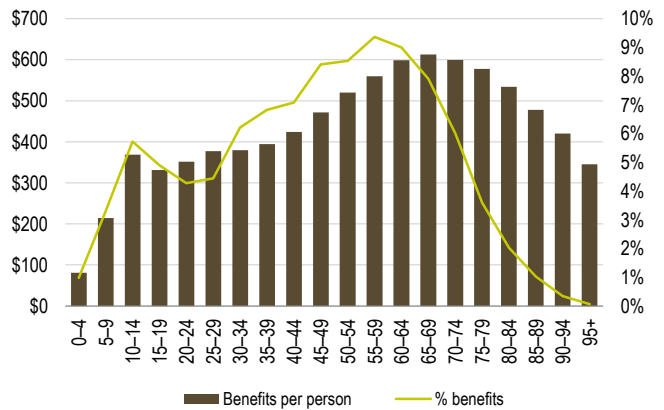
There is a marked difference between the distribution of benefits over age groups between hospital benefits and ancillary benefits. The major difference is the higher claiming rate in older age groups for hospital benefits while benefits per person for ancillary benefits are more evenly spread over the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

General treatment (ancillary) benefits per person during the year to December 2018 were \$427, increasing from \$409 for the year to December 2017. The largest component of ancillary benefits is dental, for which \$226 was paid per insured.

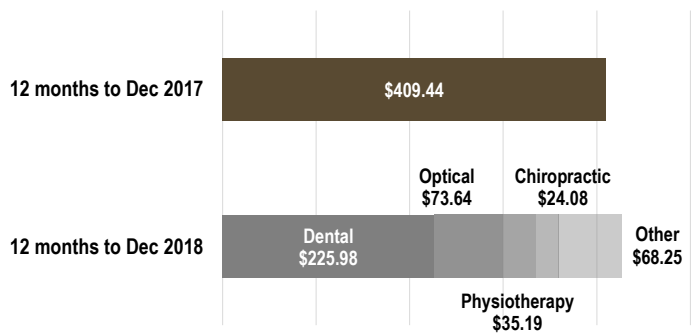
General treatment benefits paid by age 12 months to 31 December 2018 (ancillary)



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



General treatment benefits per person (ancillary)



Medical benefits

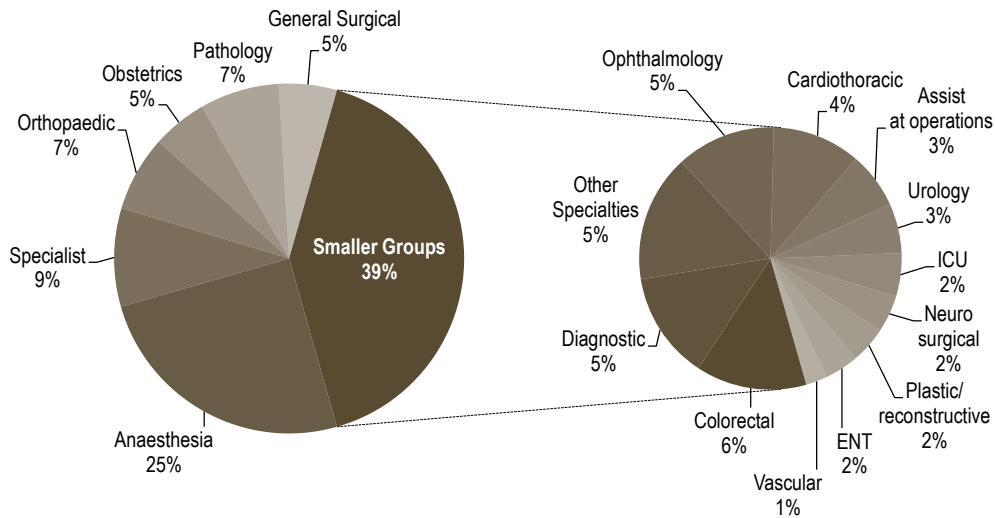
Total benefits for medical services remained stable during the December quarter 2018, driven largely by a 0.9% decrease in the number of services offset by a 0.9% increase in benefits per service..

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 25.0% of all medical benefits and totalling \$153 million.

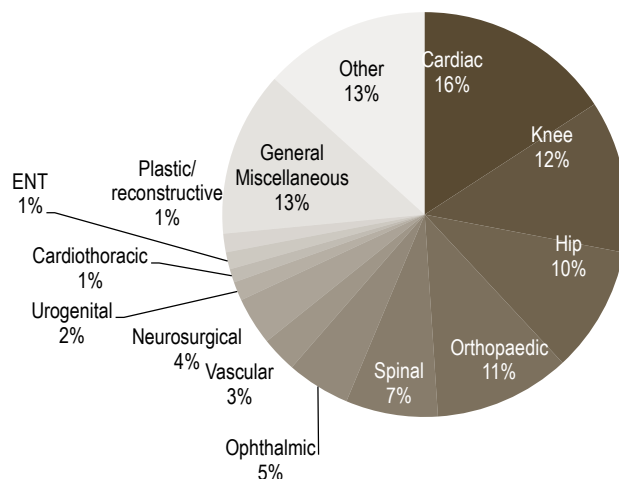
Prostheses benefits

Total benefits paid for prostheses increased by 5.5% in the December quarter 2018 compared to the September quarter 2018. 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 15.8% of all prosthetic benefits and totalling \$85 million.

Medical benefits by Speciality group



Benefits paid for prostheses



Service utilisation

Episodes/Services by type

	December 2018	Change from September 2018
Hospital Episodes	1,188,977	0.7%
Hospital Days	3,047,579	0.7%
Medical Services	9,904,726	-1.2%
Prostheses Items	793,295	4.8%
Specialist Orthopaedic	139,099	-1.4%
Ophthalmic	92,692	2.1%
Spinal	56,094	8.3%
General Treatment	24,393,026	5.2%
Dental	10,911,167	5.1%
Chiropractic	2,129,741	-9.1%
Physiotherapy	2,759,041	-8.5%
Optical	3,532,073	43.5%

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

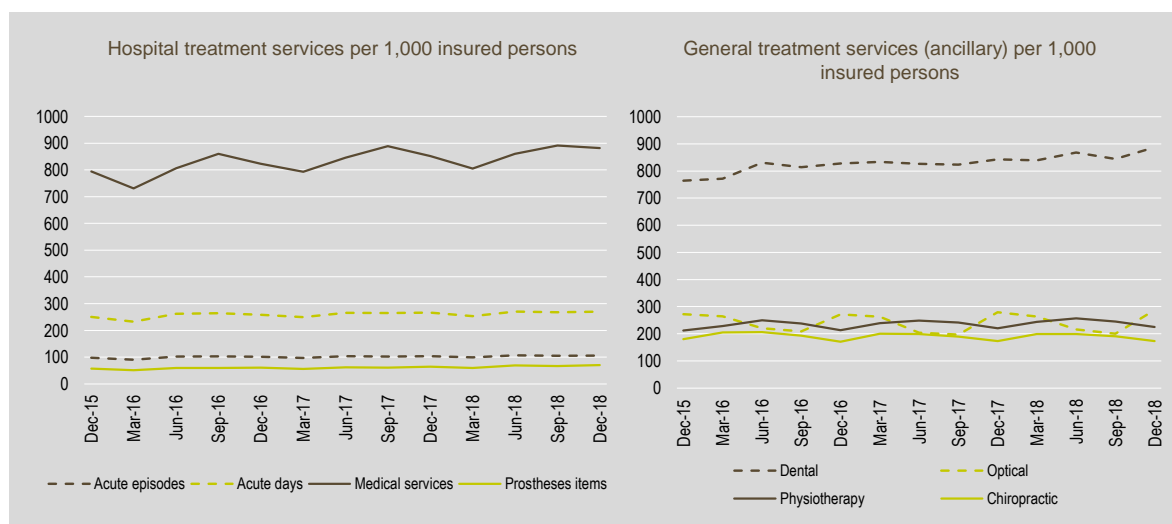
- ◇ public hospitals 196,846 episodes
- ◇ private hospitals 784,038 episodes
- ◇ day hospital facilities 156,980 episodes
- ◇ hospital substitute 51,113 episodes.

For the December 2018 quarter, hospital utilisation (measured in episodes) increased by 0.7%, driven by an increase in private hospital episodes. In the year ending December 2018, episodes in public hospitals decreased while episodes in all other hospital settings increased.

During the December 2018 quarter, insurers paid benefits for 3.05 million days in hospital, arising from 1.19 million hospital episodes of care.

	Quarter change	Year change
◇ public hospitals	↓ -2.3%	↓ -0.9%
◇ private hospitals	↑ 2.2%	↑ 2.5%
◇ day hospital facilities	↓ -1.2%	↑ 0.6%
◇ hospital-substitute	↓ -3.4%	↑ 3.3%

Day-only episodes in the four categories of hospital totalled 795,573, an increase of 0.9% compared to the September 2018 quarter.



Out-of-pocket payments

Average out-of-pocket per episode/service

	December 2018	Change from Sep 18	Change from Dec 17
Hospital treatment	\$290.27	-3.9%	-0.4%
Hospital-substitute treatment	\$10.06	17.5%	21.9%
General treatment ancillary	\$49.03	1.1%	0.2%
Medical gap where gap was paid	\$162.54	3.8%	-1.7%

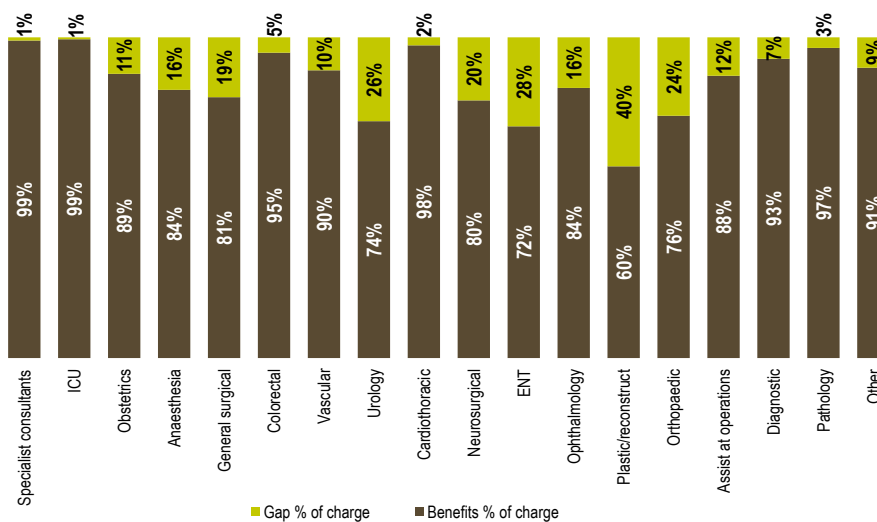
The average out-of-pocket (gap) payment for a hospital episode was \$290 in the December 2018 quarter. This included out-of-pocket payments for medical services, in addition to any excess or co-payment amounts relating to hospital accommodation.

The out-of-pocket payments for hospital episodes remained largely unchanged compared to the same quarter for the previous year.

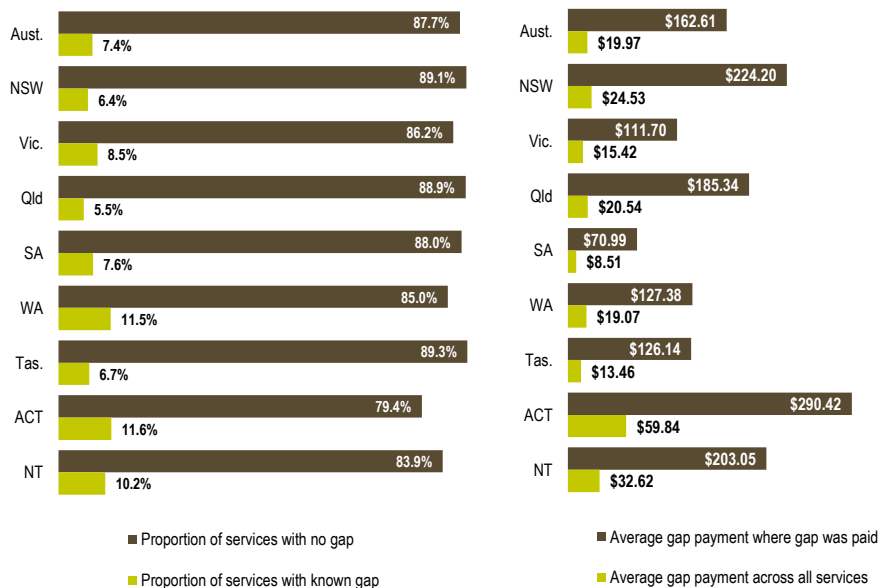
Out-of-pocket payments for medical services were \$163 where an out-of-pocket payment was payable. The amount of gap for medical services varies depending on the specialty group. The specialty group with the largest out-of-pocket payment was plastic/reconstructive with an average gap of \$439. Gap incurred 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.

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 December 2018	12 months to December 2017
Revenue		
HIB premium revenue	24,234,674	23,543,429
Net investment income	187,743	536,967
Net HRB revenue	141,703	133,381
Net other operational revenue	65,249	51,042
Total revenue	24,629,369	24,264,819
Benefits		
Fund benefits	20,567,351	20,000,534
State ambulance levies	230,886	223,716
Total fund benefits	20,798,237	20,224,250
Expenses		
HIB expenses	1,788,506	1,708,798
HIB claims handling	393,279	395,775
Non-operating expenses	42,806	78,123
Total expenses	2,224,591	2,182,696
Profit of the industry		
Profit/(loss) before tax	1,606,540	1,857,872
Taxation expense	418,944	439,726
Profit/(loss) after tax	1,187,596	1,418,146
Margins		
Gross margin	14.18%	14.10%
HIB expenses	9.00%	8.94%
Net margin	5.18%	5.16%

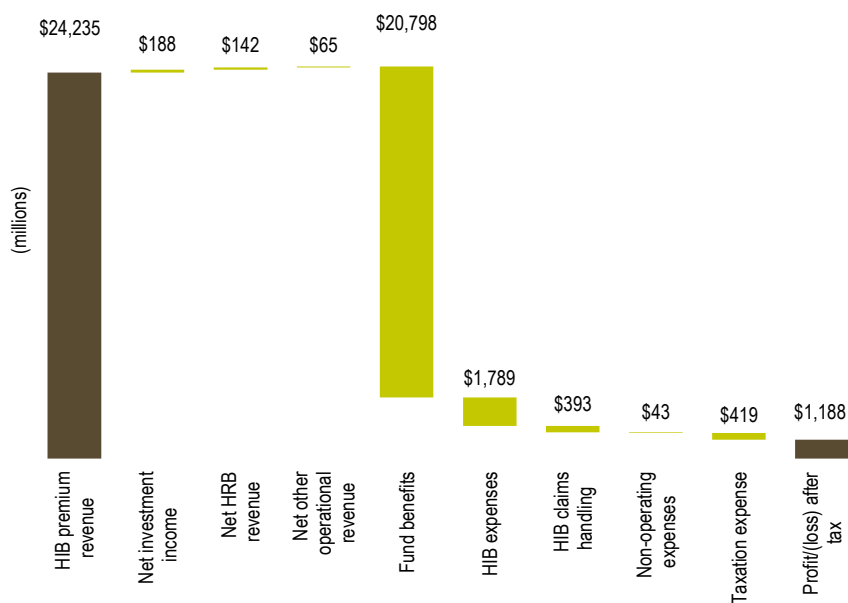
Health Insurance Business (HIB) premium revenue was up 2.9% for the year to December 2018, while total fund benefits increased by 2.8%. As a result, gross margin increased from 14.10% to 14.18%.

Net investment income decreased from \$537 million in the year ending December 2017 to \$188 million in the year ending December 2018.

HIB expenses as a percentage of revenue remained relatively stable at 9.0% and net margin increased from 5.16% to 5.18%.

Net profit after tax was \$1.19 billion for the year ended December 2018, compared with \$1.42 billion for the previous 12 months.

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



Prudential Position

All figures \$'000	December 2018	September 2018	December 2017
Assets			
Cash	980,537	958,877	941,763
Investments			
Equities	1,531,941	1,597,997	1,408,992
Interest bearing assets	7,829,849	8,217,945	7,798,500
Property	709,308	711,985	580,006
Subsidiary and associated entities	278,978	268,419	281,813
Loans	44,842	34,360	29,725
Receivables	53,140	58,593	57,848
Intangibles DAC and FITBS	882,761	868,084	836,091
Pre-paid expenses	61,676	61,969	51,748
Other*	1,351,629	1,310,223	1,336,351
Total assets	13,724,661	14,088,452	13,322,837
Liabilities			
Unearned premium liabilities	2,485,688	2,763,202	2,357,945
Unpresented & outstanding claims	1,933,299	2,067,167	1,927,954
Other fund liabilities	166,466	174,892	166,425
Interest bearing liabilities	2,593	2,800	33,290
Payables, provisions & other liabilities	780,022	798,946	760,433
Total liabilities	5,368,067	5,807,007	5,246,047
Total assets minus total liabilities	8,356,594	8,281,444	8,076,790

The industry held total assets of \$13.7 billion as at 31 December 2018.

Total assets have increased by \$402 million in the last 12 months.

Total liabilities reported by the industry have increased by \$122 million over the year.

Total net assets increased from \$8.1 billion in December 2017 to \$8.4 billion in December 2018.

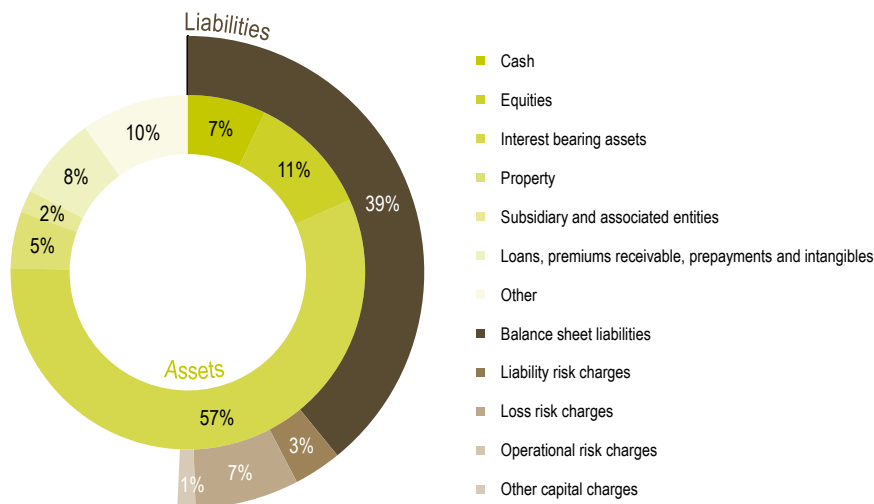
Capital Adequacy Requirement

All figures \$'000	December 2018	September 2018	December 2017
Total Liabilities	5,368,067	5,807,007	5,246,047
Liability risk charges	449,528	480,428	406,420
Loss risk charges	975,623	977,643	888,648
Operational risk charges	169,297	169,122	166,082
Other capital charges	72,208	72,859	48,659
Less subordinated debt	4,142	4,069	30,000
Total Capital Adequacy Requirement[#]	7,030,581	7,502,989	6,725,856

* 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 December 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>



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