

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Additional Estimates 2016 - 2017, 1 March 2017

Ref No: SQ17-000021

OUTCOME: 4 - Individual Health Benefits

Topic: Premiums

Type of Question: Hansard Page 36, 1 March 2017

Senator: Dastyari, Sam

Question:

Senator DASTYARI: And this stuff is obviously publicly available. Ms Duffy, can you take something on notice for me. Are you able to produce a table that gives us the averages for these 34 or 36 and also, if the minister was able to do the calculation for \$2 a week on 4.84, do the calculations for all of them beside the table for an average family and an average single? The minister has obviously done a calculation for 4.8, but can we get it from three to the 8.53 and do a table for us?

Mr Stuart: That sounds simple, but it is not.

Senator DASTYARI: Why not?

Mr Stuart: Because each of these insurers have a wide range of policies at different prices.

Senator DASTYARI: But we are saying an average based on the average figure.

Mr Stuart: It is a percentage increase, but there are going to be a wide range of actual values of policies that are paid. We will take it on notice and we will see what we can do.

Senator DASTYARI: How did you get the other figure?

Mr Bowles: It is on the average of everything, and every one of the people that are in there. Every single insurer has an average across their portfolio, but they then have a number of people who are insured with them.

Senator DASTYARI: And I am saying: can you supply the average?

Mr Bowles: We will provide that. We will also put it in the context of the numbers in each of these funds.

Senator DASTYARI: How much have premiums gone up since 2014? Why don't we go year for year: 2014 was?

Mr Stuart: It was 6.2 per cent.

Senator DASTYARI: And 2015 was?

Mr Stuart: It was 6.18 per cent.

Senator DASTYARI: And 2016 was?

Mr Stuart: It was 5.59.

Senator DASTYARI: And then?

Mr Stuart: And 2017 was 4.8.

Senator DASTYARI: I am just doing the maths—is that about 23?

Mr Stuart: I do not think you can just add them together.

Senator DASTYARI: You have got to compound them, so it is even more than that?

Mr Stuart: Yes.

Senator DASTYARI: Okay. Can you do that for me?

Mr Stuart: On notice, we can.

Senator DASTYARI: In Treasury, I once had Dr Gruen who was actually doing the calculations himself.

Mr Stuart: I am not going to do that at the table, not with my calculator.

Senator DASTYARI: Can you take that on notice? You are right it will be higher than 23 per cent. Also, can you apply that to whatever the amount is—which is, off the top of my head, about 26 per cent—and then also apply that to what the average is, going back to that same question about what is an average increase and what an average person is paying? Can you do calculations on that as well? It sounds like you are saying the individual 34 might be harder, but doing the overall average is quite easy because it is everyone.

Answer:

Question 1: Are you able to produce a table that gives us the averages of premiums for these 34 or 36 funds (showing the wide range of policies and people who have purchased policies)

#	ABBREVIATED NAME	INSURER'S NAME	Average Premium Increase 2017 (%)	Number of Policies	Number of People Insured
1	ACA	ACA Health Benefits Fund Limited	4.70	4,804	10,820
2	AUHL	Australian Unity Health Limited	4.46	200,855	346,872
3	BUPA	BUPA Australia Pty Limited	4.90	1,763,779	3,705,679
4	CBC	CBHS Corporate Health Pty Ltd	2.98	N/A	N/A
5	CBHS	CBHS Health Fund Limited	3.29	92,647	211,601
6	CDH	Cessnock District Health Benefits Fund Limited	6.57	2,681	5,425
7	CUA	CUA Health Limited	4.97	39,999	80,284
8	Defence	Defence Health Limited	5.51	120,698	257,404
9	DHF	Doctors' Health Fund Pty Ltd, The	3.54	14,970	32,021
10	GMHBA	GMHBA Limited	4.94	139,258	282,295
11	GUC	Grand United Corporate Health Limited	4.11	28,437	75,826
12	HBF	HBF Health Limited	5.96	523,723	1,025,236
13	HCF	Hospitals Contribution Fund of Australia Limited, The	3.65	675,372	1,483,696
14	HCI	Health Care Insurance Limited	6.06	4,753	10,213
15	HIF	Health Insurance Fund of Australia Limited	7.99	58,261	119,077
16	HP	Health Partners Limited	5.10	40,350	83,000
17	HPL	health.com.au Pty Limited	8.53	39,708	95,647
18	Latrobe	Latrobe Health Services Limited	4.49	43,836	85,104
19	Mildura	Mildura District Hospital Fund Limited	5.95	15,168	29,955
20	MPL	Medibank Private Limited	4.60	1,800,353	3,613,927
21	Navy	Navy Health Ltd	4.94	19,244	39,523
22	NHBA	National Health Benefits Australia Pty Limited	5.41	5,768	13,148
23	NIB	NIB Health Funds Limited	4.48	529,398	1,030,220
24	Peoplecare	Peoplecare Health Limited	5.09	33,236	76,229
25	Phoenix	Phoenix Health Fund Limited	5.93	7,626	15,394
26	Police	Police Health Limited	4.63	20,512	53,464
27	QCH	Queensland Country Health Fund Limited	5.15	22,001	50,758
28	QTUH	Queensland Teachers' Union Health Fund Limited	7.30	36,143	76,751
29	RBHS	Reserve Bank Health Society Limited	5.00	2,396	4,741
30	RT Health	Railway & Transport Health Fund Limited	5.54	22,766	48,404
31	St Lukes	St Luke's Medical and Hospital Benefits Association	4.99	28,116	57,550

#	ABBREVIATED NAME	INSURER'S NAME	Average Premium Increase 2017 (%)	Number of Policies	Number of People Insured
32	TFH	Teachers Federation Health Limited	4.96	140,214	293,159
33	Transport	Transport Health Pty Limited	4.93	9,454	17,361
34	Westfund	Westfund Limited	4.96	45,029	99,237

Source: APRA - The Operations of Private Health Insurers Annual Report - 2015-2016

Note: CBHS Corporate Health Pty Ltd commenced operations on 1 July 2016. Therefore while it submitted an application in the 2017 premium round, it was not included in the APRA - The Operations of Private Health Insurers Annual Report - 2015-2016.

The above table provides the weighted average private health insurance premium increase by insurer for 2017. Information on historical premium increases is available on the Department's website at:

<http://www.health.gov.au/internet/main/publishing.nsf/content/privatehealth-average-premium-round>

In addition, the table also identifies the number of policies and number of people insured for each insurer. Information on policy coverage is available in *The Operations of Private Health Insurers Annual Report 2015-16*, published on the Australian Prudential Regulator Authority website at:

<http://www.apra.gov.au/PHI/Publications/Pages/Operations-of-Private-Health-Insurers-Annual-Report.aspx>

Question 2: Do the calculations for all of them beside the table for an average family and an average single? The minister has obviously done a calculation for 4.8, but can we get it from three to the 8.53 and do a table for us

Response: The Minister is required to announce the average increase as specified in the Act. The *Private Health Insurance Act 2007* does not allow for average price increase from year to year as an average value for each insurer and category of persons (ie: single, couple, family) to be released – it is commercial in confidence to insurers.

Question 3: How much have premiums gone up since 2014 (compounded)

Response:

The compounded average over the four years from 2014 is 24.83 per cent, as shown below.

Year	Industry Weighted Average Premium Increase	Compounded Average
2014	6.20%	24.83%
2015	6.18%	
2016	5.59%	
2017	4.84%	

