

For immediate release

19 May, 2016

Australians urged to compare health insurance as gap fees hit \$1.33 BILLION

- ➔ 4.36 million private hospital treatments in 12 months to March 2016
- ➔ Average gap fee for hospital treatment up 4.1% to \$304.86
- ➔ Compare health insurance before June 30!

19 May, 2016, Sydney, Australia – Australians are being urged to compare private health insurance following a new investigation into the cost of out-of-pocket expenses, by finder.com.au, one of Australia's biggest comparison websites¹.

According to a finder.com.au/health-insurance analysis of Australian Prudential Regulation Authority (APRA) data released this week (17 May, 2016), Australians paid an estimated \$1.33 billion in gap fees for hospital treatments in the 12 months to March 2016.

Average out-of-pocket costs per hospital treatment rose 4.1% to \$304.86 in March 2016 compared to March 2015, and general treatment (ancillary) rose by 0.6% to \$46.10 per episode.

With a growing number of Australians needing hospital treatment in the past year (4.36 million in the 12 months to March 2016 compared to 4.21 million in the 12 months prior), finder.com.au/health-insurance estimates the \$1.33 billion paid in gap fees comes on top of rising premium policies. This doesn't include gap fees for hospital-substitute treatment, general treatment ancillary or medical gap where a gap was paid.

Michelle Hutchison, Money Expert at finder.com.au, says Australians should review their private health insurance policies as many could be paying more than necessary.

"It's disappointing to learn that it's costing Australians more to use their private health cover for hospital treatments, on top of higher premium prices.

¹ Experian Hitwise since 2013

“Annual premium price hikes increased last month, with premiums rising by an average of 5.6% from April 1, 2016, with the highest hike of 8.95%.

“Revenue for private health insurance funds grew 6.8% in the year to March 2016 to \$21.7 billion – from this revenue the industry paid \$18.5 billion in benefits (up 5.3%).

“Now is the time for customers to consider whether their policy is covering what they need and is the best value for money.”

Private health insurance members in the ACT pay the most in gap fees on average per service, with an average out-of-pocket expense across all services of \$60.83, followed by NT (\$34.72) and NSW (\$25.96). The cheapest state for average gap payments is SA, with \$6.83 per episode. For a table with state figures, [click here](#).

Mrs Hutchison says June is the busiest time of year for health insurance providers as customers look to save money for the new financial year.

“Lifetime Health Cover loading is where people are charged a penalty if they take out health insurance after they turn 31. This penalty is a 2% loading on top of your premium per year for every year you are aged over 30 and do not have private hospital cover.

“It’s been three years since that legislation came into effect on June 30, 2013, and the public are getting the message. The latest research shows 86% have a certified age of entry of 30 with no penalty.

“In fact the largest net increase in coverage during the first quarter of 2016 was recorded by the 30-34 age group – up by almost 9,587 people – proof people are rushing in after they turned 30 to secure a policy.

“With less than seven weeks to go until the end of the financial year, it’s important to shop around and compare policies.

“A proportion of people take out policies before the end of the year because they want to avoid paying the Medicare Levy Surcharge, which is payable at tax time for those who don’t have private health insurance if their income exceeds \$90,000 for singles and \$180,000 for couples.

“If you aren’t happy with the benefits being paid out by your insurer, do something about it. Always [compare health insurance online](#) before choosing a policy that’s right for you.”

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