



Private Health Insurer Pandemic Commitment Monitoring

December 2022

Background

Since 2020, access to treatment by private patients has been limited due to service restrictions put in place in response to the COVID-19 pandemic.

This means there were fewer claims by people with private health insurance, even though insurance premiums had already been set.

Some of the claims will be made in the future. However, some will not be claimed, and this has resulted in a permanent saving for private health insurers.

In response, the majority of private health insurers voluntarily and publicly committed not to benefit from the pandemic and to return estimated savings to their policyholders.

The Department of Health and Aged Care is monitoring private health insurers and the support provided to policyholders.

Monitoring is ongoing and the tables below capture information reported up to 30 June 2022. Further givebacks (savings returned to policyholders) are planned by private health insurers.

There is still some uncertainty on what may be a deferred claim and what may be a permanent claim saving. There is also ongoing uncertainty on the full impact of COVID-19.

Table 1 shows the total estimated permanent claim savings from the start of the pandemic to 30 June 2022, and the total givebacks provided to policyholders during the same period.

There is a difference between when permanent claims are estimated and when givebacks are provided to policyholders. In Table 1, the givebacks are less than the estimated permanent claims savings. However, givebacks by insurers continue to be announced and made after the reported date of 30 June 2022. The Department will continue to monitor further givebacks, and these will be reported at a later date.

Table 2 summarises the different ways private health insurers have returned savings to policyholders.

Table 1: summary of private health insurers' estimated permanent claims savings and givebacks to policyholders to 30 June 2022

Description	Amount
Cumulative estimated permanent claim savings to 30 June 2022	\$2,253.8 million
Cumulative givebacks to 30 June 2022	\$2,131.4 million
Percent of givebacks to estimated permanent claims savings*	94.6 per cent

*Noting that further givebacks continue to be made after the reported date of 30 June 2022.

Table 2: summary of givebacks by private health insurers to policyholders

Description	\$ million
Reduced premiums	1,071.1
Cashback to policyholders	855.5
Expanded benefits at no additional cost	49.1
Other (includes financial hardship packages)	137.7
Total	2,113.4

Note that the total in Table 2 does not match the total of cumulative givebacks to 30 June 2022 in Table 1 due to differences between when givebacks are approved and when benefits flow to policyholders.

Definitions

Estimated Permanent Claim Savings

While all insurers were provided with some flexibility in determining permanent claims savings, a typical definition is the estimated amount of net missing claims that are unlikely to return, or equivalently, total missing claims less a deferred claims liability.

Cumulative estimated permanent claims savings to 30 June 2022 is the sum of the estimated permanent claim savings from the start of the pandemic to 30 June 2022.

Givebacks

Givebacks are actions which return the permanent claim savings to directly benefit members, these actions include:

- cashbacks
- lower premium increases
- delayed premium increases.

Cumulative givebacks to 30 June 2022 are the sum of givebacks from the start of the pandemic to 30 June 2022.

Givebacks by insurers continue to be announced and made after the reported date of 30 June 2022.

Reduced premiums

Reduced premium includes:

- deferring the approved increase in premiums so the policyholder continues to pay the lower premium for longer
- cancelling premium increases, so the policyholder continues to pay a lower premium
- suspending or waiving premiums for a period of time in cases of financial hardship
- discounts on premiums
- seeking a lower annual premium increase than budgeted for where the lower premium sought is attributed directly to supporting policyholders.

Some insurers have included premium discounts and premium waivers within financial hardship packages and reported this separately. These have been captured in 'other' givebacks.

Expanded benefits at no additional cost

In response to the pandemic, many insurers have, for example:

- provided private cover for Lung and Chest even if not required within the product tier
- provided telehealth or other services to policyholders
- rolled over general benefit limits.

Further information on the reporting framework

To ensure consistent reporting from health insurers, there is a framework for reporting pandemic commitments. It was developed in collaboration with the health insurance sector and other regulatory agencies.

[Monitoring Framework for Private Health Insurers'](#)