



Private Health Insurer Pandemic Commitment Monitoring

December 2023

Background

Private patient access to health treatment during the COVID-19 pandemic was limited due to hospital and broader social restrictions put in place to limit the spread of the virus.

These restrictions led to fewer claims for benefits by people who continued to maintain their private health cover. Some of these claims were expected to materialise following the pandemic. In instances where these deferred claims for private health insurance benefits are not expected to be made at all, this constitutes a permanent saving for insurers.

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

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

The reliability of claims experience data has continued to improve since the pandemic. However, some insurers continue to state there is some uncertainty on the overall direct and indirect impact of COVID-19, including on what should be considered a deferred claim or a permanent saving for insurers.

Table 1 shows the total estimated permanent claim savings identified from the start of the pandemic to 30 June 2023 and the total givebacks provided to policyholders during the same period. Definitions of these items are provided below the tables.

There is a difference between when permanent claims are estimated and when givebacks are provided to policyholders. In Table 1, the givebacks are calculated as less than the estimated permanent claims savings. Givebacks by insurers continue to be announced and made after the reported date of 30 June 2023.

Table 2 summarises the different ways private health insurers have returned savings to policyholders. Definitions are provided below the tables.

Table 1: summary of private health insurers' estimated permanent claims savings and givebacks to policyholders to 30 June 2023

Description	Amount
Cumulative estimated permanent claim savings to 30 June 2023*	\$4,128.8 million
Cumulative givebacks to 30 June 2023*	\$3,496.1 million
Percent of givebacks to estimated permanent claims savings to 30 June 2023*	84.7 per cent

*Givebacks by insurers continue to be announced and made after the reported date of 30 June 2023.

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

Description	\$ million
Reduced premiums	1,728.7
Cashback to policyholders	1,728.7
Expanded benefits at no additional cost	36.0
Other (includes financial hardship packages)	2.8
Total	3,496.1

Definitions

Estimated Permanent Claims Savings

While all insurers were able to develop their own definition of 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 2023 is the sum of the estimated permanent claim savings identified from the start of the pandemic to 30 June 2023.

Givebacks

Givebacks are actions which are intended to return the permanent claim savings to directly benefit members, through for example (not exhaustive):

- cashbacks
- lower premium increases
- delayed premium increases.

Cumulative givebacks to 30 June 2023 are the sum of givebacks from the start of the pandemic to 30 June 2023.

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 may 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 and 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 (specifically, the Australian Competition and Consumer Commission and the Australian Prudential Regulation Authority).

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