



Private Health Insurer Pandemic Commitment Monitoring

November 2024

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 permanent savings to their policyholders.

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

Industry permanent savings and givebacks

Table 1 shows total permanent claims savings and total givebacks provided to policyholders from the start of the pandemic to 30 June 2024. Definitions are provided below.

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 2024.

Table 1: Summary of private health insurers' permanent claims savings and givebacks to policyholders, March 2020 to 30 June 2024

Description	Amount
Cumulative estimated permanent claims savings to 30 June 2024	\$4,554 million
Cumulative givebacks paid to 30 June 2024*	\$4,505 million
Givebacks as a per cent of estimated permanent claims savings	98.9 per cent

* Does not include givebacks reported by insurers planned or still to be paid after 30 June 2024.

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

Table 2: Summary of givebacks by private health insurers paid to 30 June 2024

Description	Amount
Cashback to policyholders	\$2,569 million
Reduced premiums	\$1,794 million
Expanded benefits at no additional cost	\$126 million
Other	\$15 million
Total	\$4,505 million

Definitions

Permanent Claims Savings

While all insurers were able to develop their own definition of permanent claims savings, typical definitions are the estimated amount of net missing claims that are unlikely to return, or total missing claims less a deferred claims liability.

Cumulative estimated permanent claims savings to 30 June 2024 is the sum of the estimated permanent claims savings identified from the start of the pandemic to 30 June 2024.

Givebacks

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

- cashbacks
- reduced premiums
- expanded benefits at no extra cost.

Cumulative givebacks to 30 June 2024 are the sum of givebacks from the start of the pandemic to 30 June 2024.

Reduced premiums

Reduced premiums include:

- deferring the approved increase in premiums so the policyholder continues to pay the existing premium rate for longer. The department directed insurers to cease deferring premium increases from 1 April 2024.
- cancelled premium increases so the policyholder continues to pay a lower premium
- suspending or waiving premiums for a period 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.

Expanded benefits at no additional cost

In response to the pandemic, many insurers have added additional benefits without pricing them into premiums, for example:

- provided private cover for the 'lung and chest' clinical category even if not required within the product tier
- provided telehealth or other services to policyholders
- rolled over unused general benefit annual limits.

Further information and the reporting framework

To ensure consistent reporting from health insurers, a framework for reporting pandemic commitments 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](#)