

s22

From: News
Sent: Thursday, 4 July 2019 8:09 AM
To: s22
Cc: News
Subject: Private health sector sustainability [SEC=OFFICIAL]

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Good morning s22

Your email regarding the sustainability of the private health sector has been referred to the Department of Health. Please note the following, which can be attributed to a spokesperson for the Department:

- Private health insurance is an important part of Australia's health system and it is vital to ensure it remains sustainable now and in the future.
- The Government is delivering the most significant reforms to private health insurance in over a decade, which will make insurance simpler and more affordable for Australians. These reforms have helped to deliver the lowest private health insurance premium changes in 18 years - a 3.25 per cent average increase this year.
- The Australian Prudential Regulation Authority (APRA) has an important role to play in ensuring that prudential standards and practices are being met within the private health insurance sector, and that the sector is stable, efficient and competitive.
- APRA has regular discussions with the Department of Health and with individual private health insurers on the industry's level of awareness, assessment, preparedness and action in relation to affordability and policy change risks.
- In June 2019 APRA wrote to all private health insurers, which communicated APRA's expectations for all private health insurers to improve their resilience to deal with heightened sustainability challenges.
- Given the significant impacts on the public if private health insurers were to encounter stress, there is a need for insurers to have robust recovery plans. APRA is requesting all private health insurers to develop a recovery plan, similar to APRA's work in other industries.
- Recovery planning improves the sector's preparedness for adverse events and crisis and includes actions designed by an insurer to enable it to survive a financial shock and restore itself to a sound financial condition. This may include merging with another insurer.
- The Department understands that APRA has no immediate concerns for the financial viability of any private health insurer.

Kind regards

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s22

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Unless stated otherwise, this information is provided on a background basis and should not be attributed.