



Private health insurance underfunding forces Healthscope to introduce new fee for Bupa and Australian Health Service Alliance members

- *Healthscope wanted to avoid this outcome, however funding from Bupa and the AHSA is not sustainably covering the cost of hospital treatments*
- *The fee will only apply to Bupa and The AHSA members funds and go towards covering a patient's high-quality care*

Members of Bupa and the Australian Health Service Alliance (AHSA) will be charged an out-of-pocket fee at Healthscope hospitals from 26th November 2024, due to these insurers' failure to sustainably cover the cost of patient care.

Healthscope did not make this decision lightly and it follows lengthy negotiations with Bupa and the Australian Health Service Alliance (AHSA), which represents funds including Australian Unity, Teachers Health, Defence Health, GMHBA, CBHS, Health Partners, Queensland Country Health, Westfund and HIF (see full list of AHSA funds [here](#)). Unfortunately, Bupa and the AHSA refuse to fund Healthscope hospitals at a level that allows us to remain viable.

From 26th November 2024, members of these funds will pay a 'Hospital Facility Fee' to access care in Healthscope hospitals. The fee is \$100 for overnight patients per admission and \$50 for same day patients per admission.

Fee exemptions will apply to patients undergoing certain treatments, including day chemotherapy, day renal dialysis and palliative care. Healthscope will also waive the fee for patients in day mental health and day rehabilitation programs, as well as those transferred from another Healthscope site and any related readmissions within 28 days.

Members of Medibank, nib and HCF will be unaffected by the introduction of this fee, as these funds have improved their funding of patient care in Healthscope hospitals. Healthscope wishes to acknowledge these three funds as having worked constructively with Healthscope to reach these agreements which are in the best interests of patients.

Healthscope's CEO Greg Horan commented:

"This is an outcome that Healthscope has been trying to avoid. However, private health insurers Bupa and the Alliance funds have left us with no choice.

"We are introducing this fee due to these insurers' failure to sustainably cover the cost of patient care in our hospitals.

"We will not compromise on patient care. The high-quality healthcare provided every day by our dedicated clinicians and staff requires that these insurers provide adequate funding across all hospital treatments.

"The fee will go towards covering the patient's care in one of our facilities.



Media Release

Embargoed until 12:00pm AEDT Tuesday 29th October 2024

“While members of Bupa and the Alliance insurers can be assured that we will apply these fees transparently, they should also be aware that they have the option of switching their cover to any of the other health insurers who fund our hospitals sustainably. If they do this they will not be subject to the new fee, and so long as they move to a comparable product, they should not need to re-serve waiting periods.”

The details of the fee will be transparent and communicated to Bupa and Alliance fund patients.

In recent years, private hospital cost inflation has far exceeded the funding provided by private health insurers. This is a sector-wide challenge, and the funding gap is now at such an acute stage that the economics are simply unsustainable for private hospitals. Approximately 70 private hospitals have closed in the last five years.

“Unfortunately, these are industry-wide challenges that Healthscope is not immune from. Many other private hospital operators have been vocal about the challenges of private health insurance funding not sustainably covering the costs of care, including some who have been forced to consider going out of contract with insurers,” said Horan.

Meanwhile, even as they under-fund hospitals, some insurers paying out a lower proportion of premiums for members’ care. According to APRA data, Bupa paid out 81 cents in the dollar in FY23, while Australian Unity paid just 70 cents¹ in the dollar, compared to an industry average of 83 cents in FY23, down from 88 cents pre-pandemic.

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¹ According to Australian Unity the proportional benefits paid out for FY23 was 80.5%. APRA (the regulator) reports it was 70%. Both amounts are below the industry average.