



ACCC

AUSTRALIAN COMPETITION
& CONSUMER COMMISSION

Report to the Australian Senate

**On anti-competitive and other practices
by health insurers and providers in
relation to private health insurance**

For the period 1 July 2023 to 30 June 2024

Acknowledgment of country

The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.

Australian Competition and Consumer Commission
Land of the Ngunnawal people
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Contents

Shortened terms	iv
Executive Summary	1
1. Introduction	3
1.1 Senate order	3
1.2 Private health insurance regulation	3
1.3 ACCC role	4
1.4 Methodology	4
2. Insurer responses to COVID-19	5
2.1 Insurers' initiatives to return profits to policyholders	5
3. ACCC consumer contacts, competition exemptions and merger reviews	8
3.1 Consumer contacts about private health insurance	8
3.2 Competition exemptions	8
3.3 Merger reviews	9

Shortened terms

ACCC	Australian Competition and Consumer Commission
ACL	Australian Consumer Law
ahm	Medibank Private Ltd trading as ahm health insurance
APRA	Australian Prudential Regulation Authority
Bupa	Bupa HI Pty Ltd
Catholic Health	Catholic Health Australia Limited
CCA	<i>Competition and Consumer Act 2010</i> (Cth)
DCL	Deferred claims liability
HBF	HBF Health Limited
HCF	The Hospitals Contribution Fund of Australia Limited
Health Partners	Health Partners Limited
Medibank	Medibank Private Limited
NIB	NIB Health Funds Limited
PHIO	Private Health Insurance Ombudsman
RT Health	The Hospitals Contribution Fund of Australia Limited trading as RT Health
St Lukes	St Luke's Medical and Hospital Benefits Association
Transport Health	The Hospitals Contribution Fund of Australia Limited trading as Transport Health
Westpac	Westpac Banking Corporation

Executive Summary

This is the 26th report to the Australian Senate prepared by the Australian Competition and Consumer Commission (ACCC) on competition and consumer issues in the private health insurance industry. This report is for the period 1 July 2023 to 30 June 2024 (the reporting period).

This report focuses on continued insurer actions taken to return profits to policyholders which were gained from fewer claims during the COVID-19 pandemic, as well as relevant ACCC competition exemptions and merger reviews related to the private health insurance industry.

Insurers continue to return COVID-19 profits to consumers

Insurers continued to return permanent claims savings from COVID-19 restrictions to policyholders towards meeting their public commitments not to profit from the pandemic, having returned a total of around \$4.50 billion in funds to consumers up to 30 June 2024.

The majority of insurers reported having returned all permanent claims savings as at 30 June 2024. A small proportion of insurers still have planned givebacks totalling around \$230 million to return further permanent claims savings to policyholders during 2024–25. These include givebacks returned between the end of the reporting period and the release of this report.

The ACCC notes that, when including these planned givebacks, the combined figure for all insurer givebacks totals around \$4.73 billion, which exceeds the insurers' combined assessed permanent claims savings of around \$4.55 billion.

Insurers have provided their givebacks in different ways. The largest method has been through direct payments to policyholders, including 'cashbacks', with cumulative returns of around \$2.56 billion through this method. For example, Medibank Private Limited (Medibank) announced its most recent cashback of \$90 million to its customers on 20 May 2024, taking its total cashback commitment for 2024 to \$305 million. Insurers have also returned around \$1.66 billion through premium relief and a much smaller amount of around \$280 million through other measures.

To fulfil their broader commitments, the ACCC reiterates its expectation that insurers continue to return funds until they no longer retain any financial benefits from claims that were missed due to COVID-19 restrictions and are not expected to materialise later.

ACCC consumer contacts, competition exemptions and merger reviews

The ACCC received 152 contacts about health insurance, an 11% decrease from 2022–23. The majority of the contacts to the ACCC concerned potential false misrepresentations or misleading conduct.

On 10 August 2023, the ACCC granted a 5-year authorisation to Health Partners Limited (Health Partners) to enter into and give effect to certain pricing arrangement provisions with dentists and dental practices in regional South Australia.

On 7 December 2023, the ACCC granted a 5-year authorisation to The Hospitals Contribution Fund of Australia Limited (HCF) to enter into and give effect to certain price capping provisions in agreements with dentists who participate in its 'More For Teeth Program' in the same local catchment areas that HCF owns and operates dental clinics.

On 28 August 2024, the ACCC granted interim authorisation to Catholic Health Australia Limited (Catholic Health) to enable Catholic Health's members to continue with their data sharing and collective bargaining arrangements, as well as a limited collective boycott of large suppliers in certain circumstances.

On 23 October 2024, the ACCC granted a 5-year authorisation to St. Luke's Medical and Hospital Benefits Association (St Lukes) and dentists in its dental partner provider network to enter and give effect to certain price capping provisions in agreements in the same local catchment areas that St Lukes owns and operates dental practices. The ACCC also granted authorisation for St Lukes to issue metrics reports to dentists in its dental partner provider network.

On 29 February 2024, the ACCC announced that it would not oppose Westpac Banking Corporation's (Westpac) proposed acquisition of the payment application HealthPoint, which is used by healthcare providers to process private health insurance claims.

1. Introduction

For its 26th report to the Australian Senate, the Australian Competition and Consumer Commission (ACCC) focuses on continued insurer actions between 1 July 2023 and 30 June 2024 (the reporting period) to return profits to policyholders which were gained from fewer claims during the COVID-19 pandemic. The report also covers ACCC consumer contacts, competition exemptions and merger reviews which relate to the private health insurance industry, including developments since the end of the reporting period.

1.1 Senate order

This report has been prepared in compliance with an Australian Senate order, under which the ACCC has an obligation to report annually on competition and consumer issues in the private health insurance industry.¹ The complete Senate order is extracted below.

Senate order

There be laid on the table as soon as practicable after the end of each 12 months ending on or after 30 June 2003, a report by the Australian Competition and Consumer Commission containing an assessment of any anti-competitive or other practices by health insurers or providers which reduce the extent of health cover for consumers and increase their out-of-pocket medical and other expenses.

1.2 Private health insurance regulation

Private health insurance is regulated primarily under the *Private Health Insurance Act 2007*, the *Private Health Insurance (Prudential Supervision) Act 2015*, and related rules and regulations.

Private health insurance is administered by the Department of Health and Aged Care² with prudential oversight provided by the Australian Prudential Regulation Authority (APRA).

APRA also publishes quarterly and annual statistics on the private health insurance industry, including on membership, coverage, benefits paid and out-of-pocket costs.³

Consumer complaints are handled by the Private Health Insurance Ombudsman (PHIO), which is a specialist role of the Office of the Commonwealth Ombudsman.⁴

1 Senate procedural order no. 18 Health—Assessment reports by the Australian Competition and Consumer Commission agreed to 25 March 1999, by means of an amendment to the motion that the report of the committee on Health Legislation Amendment Bill (No. 2) 1999 be adopted. J.626, amended 18 September 2002 J.761.

2 Further information on the Department of Health and Aged Care's role, including its operating rules for private health insurers and providers, is available at <https://www.health.gov.au/topics/private-health-insurance>.

3 APRA's statistical publications on the private health insurance industry are available at: <https://www.apra.gov.au/statistics?industry%5B32%5D=32>.

4 Further information on the PHIO's role is available at: <https://www.ombudsman.gov.au/complaints/private-health-insurance-complaints>.

1.3 ACCC role

The ACCC is an independent Commonwealth statutory agency that promotes competition, fair trading and product safety for the benefit of consumers, businesses and the Australian community. In addition to preparing this report in accordance with the Senate order, the ACCC's role in the private health insurance sector, like the wider economy, is to enforce and encourage compliance with the *Competition and Consumer Act 2010* (CCA), including the Australian Consumer Law (ACL).

The ACCC's Compliance and Enforcement Policy and Priorities outlines our enforcement powers, functions, priorities and strategies.⁵ The ACCC updates this document each financial year to reflect current and enduring priorities.

1.4 Methodology

The ACCC does not have dedicated statutory information gathering powers for this report.

The ACCC has drawn on private health insurer reports provided by the Department of Health and Aged Care on the insurers' progress in fulfilling their commitments not to profit from COVID-19 restrictions.

⁵ ACCC, Compliance and enforcement policies and priorities, <https://www.accc.gov.au/about-us/accc-priorities/compliance-and-enforcement-policy-and-priorities>.

2. Insurer responses to COVID-19

2.1 Insurers' initiatives to return profits to policyholders

The ACCC recognises that insurers have continued to return profits from COVID-19 restrictions to policyholders by various means towards meeting their public commitments not to profit from the pandemic.

Insurer data submitted to the Department of Health and Aged Care provides an industry-wide figure for 'permanent claims savings' and the total amount of money directed to 'givebacks and relief', that is, measures taken by insurers to fulfil their pandemic commitments. Insurers were able to set out their own definitions and calculation method to arrive at figures for each of these items. The ACCC has based its calculations in this section on this data.⁶

Most insurers have defined 'permanent claims savings' as all missing claims due to the pandemic, less claims expected to materialise in future. As at 30 June 2024, insurers have assessed that around \$4.55 billion in claims will not materialise due to COVID-19 impacts. Claims deferred during COVID-19 that were expected to materialise later were known as the deferred claims liability (DCL). No insurers have reported to the Department of Health and Aged Care that they have any remaining DCL at 30 June 2024.

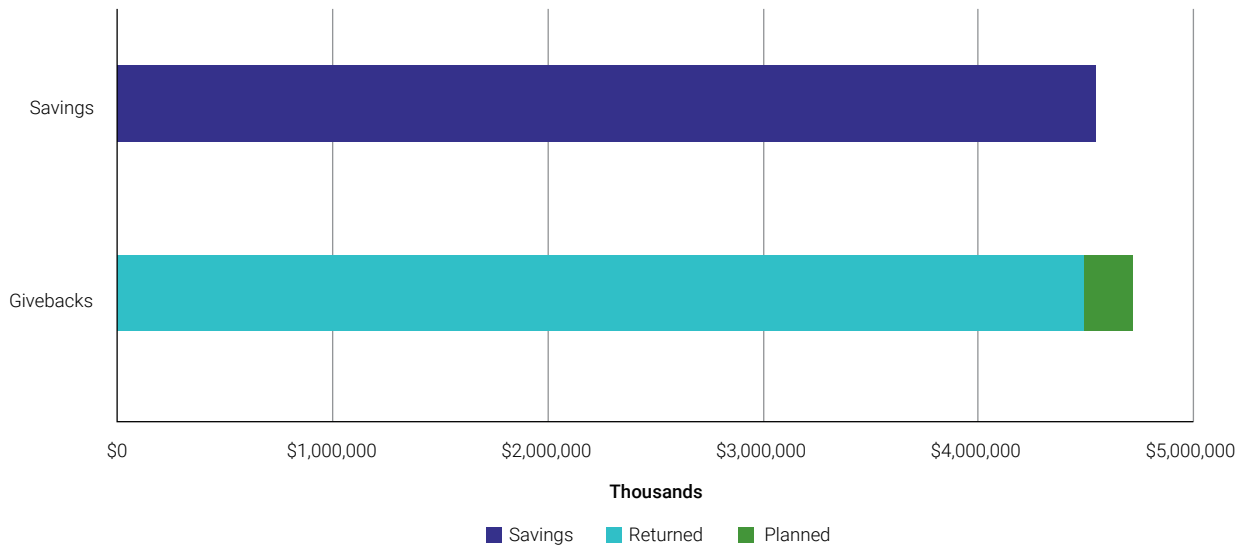
To work towards meeting their pandemic commitments, insurers have returned a total of around \$4.50 billion in funds to consumers as at 30 June 2024. The majority of insurers reported having returned all permanent claims savings as at 30 June 2024.

A small proportion of insurers have reported planned measures to return further savings to policyholders during 2024–25. The total of these planned measures, including givebacks returned between the end of the reporting period and the release of this report, is around \$230 million.

Figure 1 shows that, when including insurers' planned givebacks, the combined figure for all insurer givebacks totals around \$4.73 billion, which exceeds the insurers' combined assessed permanent claims savings of around \$4.55 billion.

⁶ In the ACCC's [Private health insurance report 2022–23](#), the ACCC also separately reported a Deferred Claims Liability (DCL) figure sourced from APRA for private health insurance claims deferred during the COVID-19 pandemic that were expected to materialise later. APRA's private health insurance capital framework and the relevant accounting standard have since changed, and as at 1 July 2023, DCL data is no longer published.

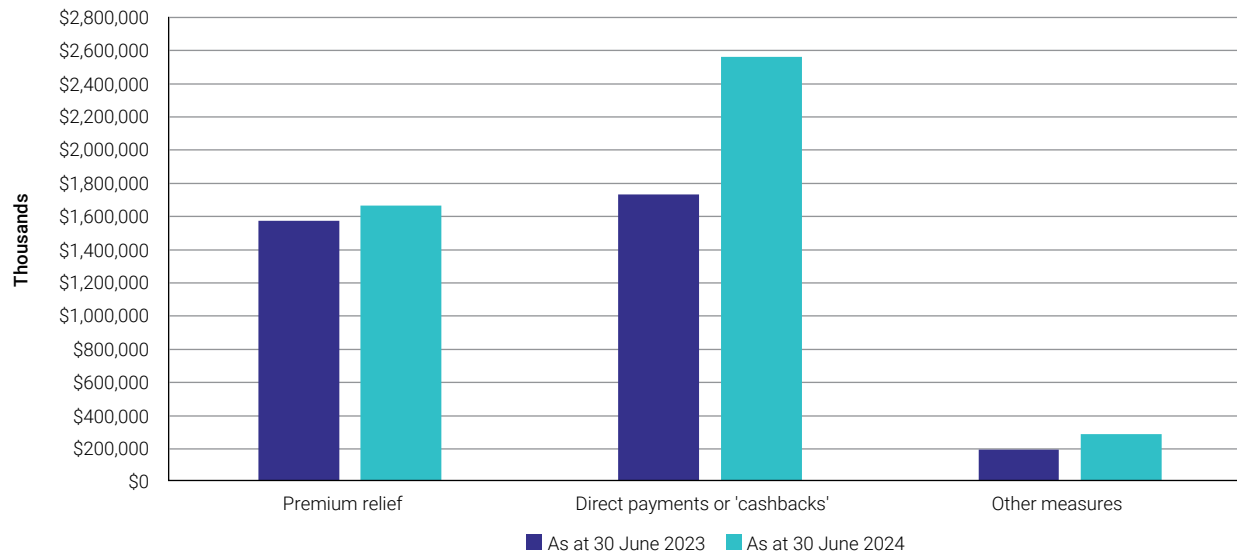
Figure 1: Private health insurers' permanent claims savings and givebacks (returned and planned) ('000s), as at 30 June 2024



Source data: Department of Health and Aged Care pandemic commitment monitoring reports.

Figure 2 sets out the different ways in which insurers have provided their 'givebacks and relief' to policyholders as at 30 June 2024, and the increased returns in each category since the previous reporting period. Direct payments to policyholders, including 'cashbacks', is still the largest method by dollars returned (around \$2.56 billion). This is followed by premium relief (around \$1.66 billion), particularly deferrals of planned premium increases, with a smaller amount allocated to other measures (around \$280 million).

Figure 2: Cumulative private health insurer COVID-19 'givebacks and relief' by method of distribution ('000s), as at 30 June 2024



Source data: Department of Health and Aged Care pandemic commitment monitoring reports.

'Other measures' encompasses various additional insurer actions including COVID-19 hardship measures and some coverage extensions for policyholders. As first noted in our 2021–22 report, in contrast to direct payments and premium relief, some of these other measures have been made opt-in and might not apply to all members.⁷

The ACCC urges insurers to continue to ensure that any provisioning of funds for 'other measures' is utilised by policyholders. For example, if additional extras benefits offered in line with insurers' commitments not to profit from the COVID-19 pandemic are not claimed, or if the cost of hardship measures has been less than expected, insurers should take further measures to return any leftover funds.

The 'big 5⁸ insurers' have made the following recent public statements on their progress in meeting their COVID-19 commitments:

- Medibank Private Ltd (Medibank) announced a cashback of \$90 million to its Medibank and ahm customers on 20 May 2024, taking its total cashback commitment for 2024 to \$305 million. This cashback brings Medibank's total amount of support to its customers to \$1.46 billion since the start of the pandemic.⁹
- Bupa HI Pty Ltd (Bupa) announced a cashback of \$75 million on 26 September 2023, with eligible policyholders receiving between \$47 and \$344 depending on their policy. This cashback will bring Bupa's overall cashbacks to \$395 million, as part of its total announced commitments of \$1.35 billion.¹⁰
- The Hospitals Contribution Fund of Australia Limited (HCF) announced a cashback of \$40 million on 14 August 2023, bringing its overall cashbacks to \$309 million, as part of its total of over \$536 million in support and benefits provided to its members. Policyholders of HCF as well as its Transport Health and RT Health brands received funds directly into their bank accounts.¹¹
- NIB Health Funds Limited (NIB) announced on 27 June 2023 that it would further delay its planned 2023 premium increase until 1 October 2023, bringing NIB's total COVID-19 support package to around \$181 million.¹²
- HBF Health Limited (HBF) announced in its 2023 Annual Report that, with claims trends returning to stable levels at the end of the 2022–23 financial year, HBF's March 2023 giveback of around \$110 million would be its last COVID-19 giveback, after providing a total of \$257.5 million in COVID-19 support.¹³

To fulfil their broader commitments, the ACCC reiterates its expectation that insurers continue to return funds until they no longer retain any financial benefits from claims that were missed due to COVID restrictions and are not expected to materialise later.

7 ACCC, *Private health insurance report 2021–22*, 1 December 2022, <https://www.accc.gov.au/about-us/publications/serial-publications/private-health-insurance-reports/private-health-insurance-report-2021-22>, p 19.

8 The 'big 5' insurers are Medibank, Bupa, HCF, NIB and HBF.

9 Medibank Private Limited, *Give back commitment increased to \$305 million for Medibank and ahm customer*, ASX release, 20 May 2024, accessed 17 October 2024, <https://www.medibank.com.au/livebetter/newsroom/post/give-back-commitment-increased-to-305-million-for-medibank-and-ahm>.

10 Bupa HI Pty Ltd, *Bupa tops up cashback to \$395 million*, media release, 26 September 2023, accessed 17 October 2024, <https://media.bupa.com.au/bupa-tops-up-cashback-to-395-million>.

11 The Hospitals Contribution Fund of Australia Limited, *HCF gives back another \$40m to members, total COVID-19 support now \$536m*, media release, 14 August 2023, accessed 17 October 2024, <https://www.hcf.com.au/about-us/media-centre/media-releases/2023/hcf-gives-back-another-40m-to-members>.

12 NIB Health Funds Limited, *nib further delays private health insurance premium rise*, media release, 27 June 2023, accessed 17 October 2024, <https://www.nib.com.au/media/2023/06/nib-further-delays-private-health-insurance-premium-rise>.

13 HBF Health Limited, *2023 Annual Report*, 22 September 2023, <https://www.hbf.com.au/about-hbf/newsroom/hbfs-2023-annual-report>.

3. ACCC consumer contacts, competition exemptions and merger reviews

This chapter notes contacts to the ACCC about private health insurers during the reporting period and summarises recent ACCC competition exemptions and merger reviews related to the industry.¹⁴

3.1 Consumer contacts about private health insurance

Contacts to the ACCC about private health insurance

In 2023–24, the ACCC received 152 contacts about private health insurance. This represented an 11% decrease from the previous financial year, when 173 contacts were received. Most of the contacts related to consumer protection issues, and 56% concerned potential false representations or misleading conduct.

3.2 Competition exemptions

Authorisation granted regarding Health Partners Limited and its partner dental practices in regional South Australia

On 10 August 2023, the ACCC granted a 5-year authorisation to Health Partners Limited (Health Partners) to enter into and give effect to certain pricing arrangement provisions with dentists and dental practices in regional South Australia.¹⁵ These provisions require participating dental practices to cap the maximum prices for certain routine dental services provided to Health Partners' members, including preventative and diagnostics services, and ensure that Health Partners' members are charged no more than the practices' usual fee schedule for other patients.

¹⁴ As at the date of publication, the ACCC does not have any public reports or updates on enforcement action related to the private health insurance industry during the reporting period.

¹⁵ A copy of the application for authorisation and ACCC's determination is available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/health-partners-limited>.

Authorisation granted regarding HCF's More For Teeth Program

On 7 December 2023, the ACCC granted a 5-year authorisation to HCF to enter into and give effect to certain price capping provisions in agreements with dentists who participate in its 'More For Teeth Program' in the same local catchment areas that HCF owns and operates dental clinics.¹⁶ The provisions require participating dentists to place a cap on the maximum price charged for certain routine dental services provided to HCF's members and ensure that HCF's members are charged no more than the practice charges other patients.

Interim authorisation granted regarding Catholic Health Australia's data sharing and collective bargaining arrangements

On 28 August 2024, the ACCC granted interim authorisation to Catholic Health Australia Limited (Catholic Health) to enable Catholic Health's members to continue with their data sharing and collective bargaining arrangements, as well as a limited collective boycott of large suppliers in certain circumstances.¹⁷

Authorisation granted regarding St. Luke's Medical and Hospital Benefits Association and its dental partner provider network in Tasmania

On 23 October 2024, the ACCC granted a 5-year authorisation to St. Luke's Medical and Hospital Benefits Association (St Lukes) and dentists in its dental partner provider network to enter and give effect to certain price capping provisions in agreements in the same local catchment areas that St Lukes owns and operates dental practices.¹⁸ The provisions include requirements for participating dentists to adhere to maximum chargeable fees for particular dental services. The ACCC also granted the authorisation for St Lukes to issue metrics reports to dentists in its dental partner provider network regarding their services delivery and billing to St Lukes members.

3.3 Merger reviews

Westpac's proposed acquisition of HealthPoint not opposed

On 29 February 2024, the ACCC announced that it would not oppose Westpac Banking Corporation's (Westpac) proposed acquisition of HealthPoint.¹⁹ HealthPoint, a business of the healthcare and diagnostic software provider Dedalus, is a payment application that enables healthcare providers to process real time private health insurance claims at point of sale through partnerships with banking and other channel partners.

16 ACCC, *ACCC grants authorisation for The Hospitals Contribution Fund of Australia Limited's pricing arrangement provisions*, media update, 7 December 2023, <https://www.accc.gov.au/about-us/news/media-updates/accc-grants-authorisation-for-the-hospitals-contribution-fund-of-australias-pricing-arrangement-provisions>.

17 A copy of the application and interim authorisation decision is available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/catholic-health-australia-limited-and-ors>.

18 A copy of the application for authorisation and ACCC's determination is available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/st-lukes-medical-and-hospital-benefits-association>.

19 ACCC, *Westpac's proposed acquisition of HealthPoint not opposed*, media release, 29 February 2024, <https://www.accc.gov.au/media-release/westpacs-proposed-acquisition-of-healthpoint-not-opposed>.

The ACCC's review focused on whether the proposed acquisition would provide Westpac with the ability or incentive to inhibit competing banking and channel partners' use of the HealthPoint application.

After carefully examining the arrangements between HealthPoint, Westpac, banking and channel partners and private health insurers, the ACCC concluded that this acquisition was unlikely to result in a substantial lessening of competition.

