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## The Demographics of Private Health Insurance

Health insurance is often (incorrectly) portrayed as a product purchased almost exclusively by wealthy Australians, and as being too expensive for low and middle income Australian families to become members. The facts tell a very different story.

In May 2008, private health insurance membership is at record levels. Today, more than half of the Australian population has some form of Private Health Insurance cover; this equates to 10.9 million Australians or 51.1% of the population.

Logically, the fact that more than half of the Australian population is insured should be enough to make anyone question the claim that only the wealthy have PHI, or that PHI is not representative of the community.

In order to make available relevant facts to correct this misconception, the Australian Health Insurance Association (AHIA) has prepared this document to provide detailed information on the demographic make-up of the population of Australians who hold Private Health Insurance.

### Private Health Insurance by Family Type

The Private Health Insurance Administration Council, which is the independent Industry Regulator, reports on the types of policies purchased by consumers.

There are 1.2 million family products (2 parent + children) in the market which provide hospital cover for 4.8 million Australians. There 90,123 single parent families covering 247,986 persons.

**This means that 53% of the privately insured market with hospital cover is represented by Adults who purchase cover for themselves and their children.**

A further 1 million couples are insured, and there are 2.17 million single policies in the market. (It is worth noting that in some cases there may be couples who have purchased products from different companies, or even different products within the same company. Whilst they may be a couple for the purposes of the reporting they are considered singles).

### Private Health Insurance by Age Group

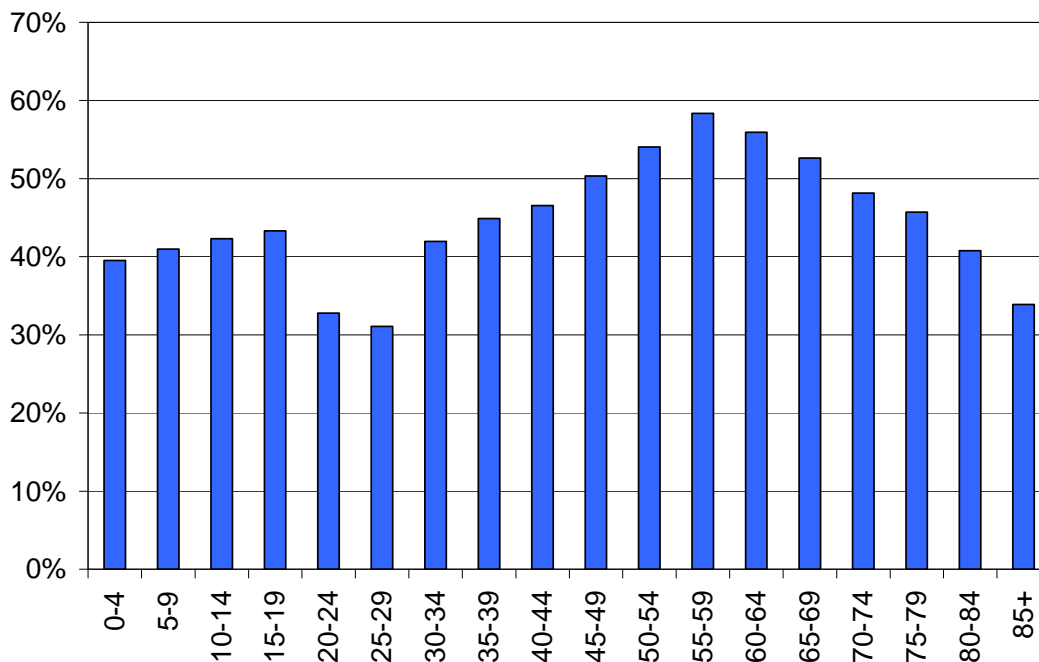
The average age of an insured person with hospital cover is 39.8 years of age. This compares with the average age of the total population being 37.7 years, and the population with hospital cover having an average age of 36.0 years of age.

The Private Health Insurance System covers a broad cross section of the population in all age categories. The graph below shows the proportion of all Australians by 5 year age cohort who currently hold PHI hospital cover.



## Proportion of the Population With Hospital Cover by Age Cohort

Data Source: PHIAC March 2008



As shown by the graph above, membership of PHI represents a high proportion of Australians of ALL ages, with more than 55% of all persons aged 50-69 with PHI cover.

There are 1.27 million persons aged over 65 years of age who have Private Health Insurance cover for in-hospital treatments – **representing 46% of the total population of Australians over 65 years of age.**

Persons aged more than 65 years represent over 13% of the insured population.

Of all enrolled voters in Australia, 53.5% hold a Private Health Insurance product.

## Private Health Insurance by Income Group

The latest income distribution data available is sourced from unpublished information from The Australian Bureau of Statistics *National Health Survey 2004/05*. The distributions are then cross-tabulated to Private Health Insurance membership statistics as produced by the Private Health Insurance Administration Council (PHIAC).

The results demonstrate that many Australians on low incomes hold private health insurance.

### In Summary:

More than 1 million people with hospital insurance lived in households with annual incomes less than \$26,001 per annum.

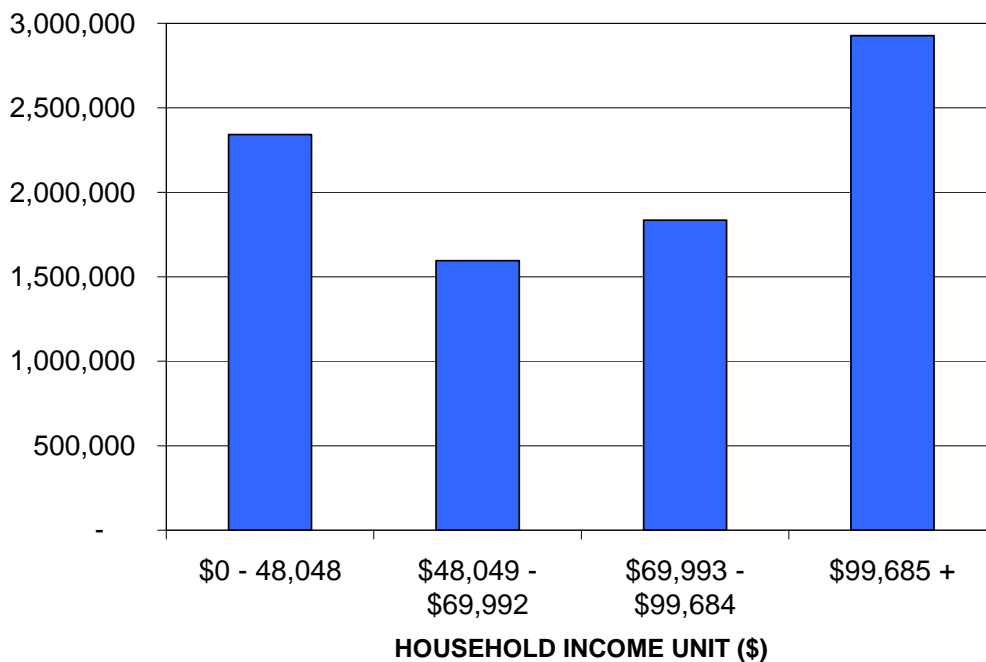
27% of the overall hospital insured population, (equating to 2.34 million Australians), resided in households where gross annual income was less than \$48,049.



These cohorts are the very people who will be disadvantaged by the Government's moves to increase the Medicare levy Threshold. They have CHOSEN to be Privately Insured (as their incomes are below the present Medicare Levy Surcharge), so they will either be asked to pay more when Premiums inevitably rise to account for those people who drop their insurance, or they will be forced to wait on longer Public Hospital queues if they drop the Insurance themselves.

## Hospital Insurance by Household Income Unit

Data Source: ABS Unpublished Data 2004-05, AHIA Estimates



Detailed results – Income of Persons with PHI:

- 26% of the population residing in households with gross annual incomes of \$26,000 or less had private health insurance hospital cover. More than 1 million people with hospital insurance lived in households that had annual incomes less than \$26,001 per annum.
- 34% of the population who resided in households that had gross annual incomes of between \$26,000 and \$48,049 were insured with hospital cover. One and a quarter million people covered by hospital insurance lived in households that grossed between \$26,000 and \$48,049 pa , i.e., more than 2.34 million people with private health insurance hospital cover resided in households that had gross annual incomes below \$48,049.
- 45% of the population (3.9 million people) who reside in households with gross annual incomes less than \$69,993 had hospital insurance.
- 66% of the population residing in households that had gross annual incomes less than \$99,685 had hospital insurance.



- **12% of the overall hospital insured population resided in households where gross annual income was less than \$26,001.**
- **27% of the overall hospital insured population - 2.34 million people – resided in households where gross annual income was less than \$48,049.**
- **Almost half of the overall hospital insured population (3.9 million) resided in households where gross annual income was less than \$69,993. Almost four million people with hospital cover were in households that earned less than \$69,993.**
- **2 in 3 people insured with hospital cover were from households with gross annual incomes of less than \$99,685.**