

Media Release

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Private Healthcare Australia
Better Cover. Better Access. Better Care.

Health insurance premiums to rise as healthcare costs and claims increase

Health insurance premiums will rise by an average of 4.41% from April 1, reflecting rising claims and higher costs of delivering healthcare.

Private Healthcare Australia Chief Executive Dr Rachel David said health funds are working to balance the affordability of health insurance with the rising cost of providing quality care to an ageing population with increasingly complex chronic disease needs.

The average premium increase for 2026 of 4.41% is lower than the rising cost of providing medical and hospital services, which rose 5 per cent last financial year.

“More people are using their health insurance for high-cost hospital care such as joint replacements and cancer treatment, and the cost of delivering care continues to rise. This premium increase reflects those realities,” Dr David said.

“If health funds could keep premiums the same without jeopardising their ability to pay claims, they would. The industry is acutely aware of how tough many Australians are doing it right now.”

With this in mind, health funds are taking active steps to reduce out-of-pocket costs for private health services — one of the biggest pain points for people with health insurance.

“We’re seeing more no-gap and known-gap fee services to give people greater certainty about costs, along with new models of care that allow patients to safely receive treatment at home,” Dr David said.

“These include services such as drug and alcohol rehabilitation, chemotherapy and post-surgical care. These innovations are helping patients save money, reduce travel and recover in greater comfort. This is the future of accessible, affordable care.”

Health funds are also expanding health management and prevention programs to help members stay well and better manage chronic disease, reducing the need for more expensive care in the future.

The premium change will also provide additional support to private hospitals, many of which are under financial pressure due to higher operating costs and lower occupancy following the pandemic.

“Private hospitals are a critical part of Australia’s healthcare system, and this adjustment will help ensure they remain viable and available when patients need them,” Dr David said.

More than 15 million Australians have private health insurance, including around 12.6 million with hospital cover, allowing them to choose their hospital, doctor and timing of treatment.

“For every dollar spent on private health insurance, consumers receive an average of 85 cents back in healthcare benefits — the highest return of any type of insurance,” Dr David said.

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds. 15 million Australians (55% of the population) have private health insurance.

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“Private health insurance continues to play an important role in supporting patient choice and easing pressure on the public hospital system.”

Australians looking to take out or review private health insurance can visit [PrivateHealth.gov.au](https://www.privatehealth.gov.au) for independent, government-run information.

“When reviewing cover, people should consider their current health needs and those of their family and speak with their GP about any care they may need in the near future,” Dr David said.

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