

Private health insurance

Private health insurance and mental health (Australia)

Australian public hospitals are particularly good. But they do face challenges with the number of people currently seeking help for mental health problems.

This means you may need to go to a private hospital, especially if you need non-emergency treatment.

Private hospital stays can cost up to A\$700 per day, and might be 2-3 weeks long.

Private health insurance will help you pay for this, provided you have the right level of cover.

More than half of the health insurance policies on offer in Australia **do not provide adequate cover** for a stay in a private psychiatric hospital.

Carefully check what your policy covers before you buy it.

If you are already insured, call your insurance company and ask them to explain exactly what psychiatric treatment is covered by your policy.

This page provides some general information and questions to ask your insurer.

What should I look for when buying private health insurance?

Be careful to ensure that the policy you buy will provide the coverage you want.

Questions to ask your insurer about hospital cover:

- Does this policy cover inpatient psychiatric care in private hospitals?
(Often only medium and top-level policies will cover psychiatric treatment.)

- Does it cover all private hospitals or only a selection?
(Insurers have agreements with different hospitals to keep costs down. If your hospital of choice does not have an agreement, you may have to pay more.)
- Is there an annual maximum number of admissions or days in hospital covered?
(Some insurers limit the number of days in a year, or the number of times you can go to hospital.)
- Does it cover re-admission to hospital within days of a previous hospital stay?
(In people with mental health issues, this can be very common – and sometimes insurers won't pay benefits if this happens.)
- Does it cover day programs in a private hospital? How many days or hours are covered?
- How about outreach or community nursing?
- Are day programs and outreach or community nursing covered at the same time?
(In some cases you can't claim for both of these services.)
- Is there cover for specific treatments, such as electroconvulsive therapy (ECT)? Are there limits on the number of treatments?
- Is there cover for doctors I might see at the hospital, such as my psychiatrist or anaesthetist?
- What is the excess – the amount I have to pay each time I go to hospital?

Questions to ask if you are considering extras cover:

- What counselling or psychological services are covered?
(There is usually a limit on the number of sessions you can have in a year, or a limit on the dollar amount you can claim.)

Adapted with permission from Uta Mihm, Choice.

What should I do before going to a private hospital?

Before going to hospital as a private patient, you should:

- Call the hospital to discuss your situation. They can explain the costs and alert you to any gap payments for hospital accommodation or doctor's fees.
- Call your health insurer and ask what will be covered by your health insurance policy.

➔ More about going to hospital
yourhealthinmind.org/hospital

What does private health insurance usually cover for mental health?

Many health insurance policies don't actually cover psychiatric treatment.

Often only the most expensive (medium and top cover) policies will include it.

Psychiatric treatment

In health insurance policies, 'psychiatric treatment' (sometimes called 'psychiatric services') usually refers to:

- a stay in a private psychiatric hospital, including accommodation, meals and nursing services, psychologists and allied health professionals you see while in hospital
- 85% of the MBS fee* for doctors and specialists you see while in hospital.

It may also cover:

- outreach or 'hospital at home' services
- day programs run out of the hospital
- telephone-based case management by a mental health professional.

*Medicare draws up a list of medical fees, called the Medicare Benefits Schedule (MBS). The fee amounts are decided on by the government, and can be less than what the doctor will charge you.

Private health insurance does not cover:

- appointments with psychiatrists or other specialist doctors outside of hospital
- medical imaging
- pathology tests
- medication.

Extras cover

Extras cover may cover some of the cost of appointments with psychologists and counsellors.

What about Medicare?

Medicare is the Australian Government health scheme, funded by taxpayers. Medicare covers medical services, including:

- GP visits
- visits to specialist doctors, including psychiatrists
- doctors and specialists you see while in hospital
- a limited range of tests and scans (ordered by a doctor)
- visits to allied health professionals such as psychologists (provided you meet certain criteria)
- public hospital stays.

Private health insurance – what is it for?		
	Medicare	Private health insurance
Public hospital stays	✓	✗
Private hospital stays	✗	✓
GP visits	✓	✗
Visits to specialist doctors, including psychiatrists, outside of hospital	✓	✗
Doctors and specialist doctors you see while in hospital	✓	✓
Some tests and scans (ordered by a doctor)	✓	✗
Visits to allied health professionals such as psychologists	✓ (in some circumstances)	✓
Medication	✓	✗

Note: some services are fully covered, others will have a gap fee.

The gap

Depending on your policy, you may need to pay extra costs not covered by insurance or Medicare (sometimes called the 'gap').

Both your hospital stay and doctors' fees can leave you with a gap.

Some insurers have agreements with particular hospitals or doctors so that there is no 'gap'.

There are also additional 'no gap' policies that can help you avoid unexpected fees.

Keep an eye out for anything in your policy documents that mentions restricted coverage for psychiatric treatment. This means the insurer pays back a lower amount and you will be left with a bigger gap fee to pay.

What if I have an existing mental health condition?

No matter what mental health condition you have, insurers cannot refuse to sell you a health insurance policy.

Waiting periods

There is a 2-month waiting period to receive benefits for psychiatric treatment. This is legislated by the Australian Government.

If you need to change insurers or upgrade your insurance, you should ask about waiting periods. Often these can be waived.

Using private health insurance at a public hospital

It is your choice whether to use your insurance or not while in a public hospital.

If you choose to use your health insurance, your level of care will not change, and you won't be seen faster.

You may have to pay gap fees and an excess. You may also use up the number of days in hospital covered by your insurance policy.

➤ Going to hospital
yourhealthinmind.org/hospital

More information

- Australian government information on private health insurance
privatehealth.gov.au
- Office of Private Health Insurance Ombudsman
ombudsman.gov.au/how-we-can-help/private-health-insurance
1300 362 072
- Choice guide to private health in Australia
choice.com.au/money/insurance/health/buying-guides/health-insurance

Remember

- ✓ Check carefully that your health insurance policy covers psychiatric treatment – many policies do not.
- ✓ If you take out a new policy, there is a 2-month waiting period for psychiatric treatment.
- ✓ Private health insurance won't cover you for any psychiatrist or GP visits you have outside of hospital.

This fact sheet is also available online at yourhealthinmind.org

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About us

Psychiatrists are doctors who specialise in mental health. The Royal Australian and New Zealand College of Psychiatrists:

- trains and supports psychiatrists
- advocates for better mental health for our communities
- sets standards in psychiatry.



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This is a general guide only, and does not replace individual medical advice. Please speak to your doctor for advice about your situation. The RANZCP is not liable for any consequences arising from relying on this information. Subject matter experts, people with lived experience of mental illness and carers all contributed to this fact sheet.