Accelerated Innovation

November 2025



Private Health Insurance

2025 Innovation Report

ACCELERATED INNOVATION
CONSULTING & ADVISORY

acceleratedinnovation.com.au
contact@acceleratedinnovation.com.au

Accelerated Innovation

Accelerated Innovation is a boutique management consultancy that helps Australia's private health insurers and partners innovate with purpose, clarity and speed.

We work with leadership teams across the PHI ecosystem to identify where innovation will make the greatest difference, design practical pathways to act, and build the confidence and capability to deliver. Our approach combines deep sector insight with hands on experience inside complex organisations, ensuring strategies translate into measurable impact rather than shelfware.

Through our proprietary frameworks, Innovation COMPASS™ and PHI FACTORS™, we help health funds cut through complexity, align around what matters most, and create the momentum required for meaningful change. Our work spans strategy design, innovation capability uplift, proposition design, and leadership programs that connect ideas to execution.

Each year, we publish the *PHI Innovation Report* to track how Australia's private health insurers are evolving, responding to system challenges and building the foundations for long term relevance. The 2025 edition continues this mission, offering data driven insights, case studies and scenarios that highlight the organisations shaping the future of private healthcare.

Accelerated Innovation exists to help health leaders get things done, to move beyond ideas and deliver outcomes that improve member experience, system sustainability and the health of our communities.

Find out more at acceleratedinnovation.com.au

Download the Full Report

Get the complete analysis, all seven PHI FACTORS™ deep dives, full case studies, and insurer performance insights that sit behind this Summary Edition.

acceleratedinnovation.com.au/innovation-reports

Introduction

Australia's private health insurance sector is at a turning point. The pace of change has accelerated, and innovation is now the primary determinant of long-term relevance and competitiveness. The 2025 PHI Innovation Report explores how leading funds are responding to financial pressure, an ageing population, and rising expectations for value and experience.

Using the PHI FACTORS™ framework, this report assesses how Medibank, Bupa, HBF, HCF, and nib are performing across seven drivers of transformation. These include financial sustainability, ageing and population health, consumer trust and expectations, technology and digital transformation, organisational sustainability, relationships and power, and staying well.

The findings show a sector that is evolving from fragmented innovation toward structured systems that connect strategy, delivery, and outcomes. Innovation is becoming less about projects and more about performance. The funds that succeed will be those that can balance efficiency, empathy, and execution while proving their role in creating a more sustainable health system.

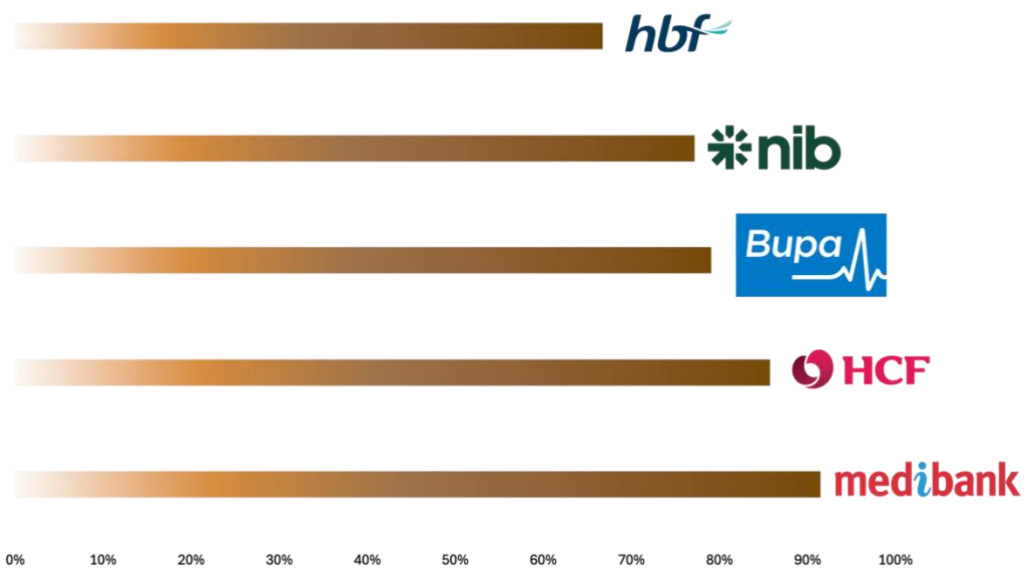
At a Glance

Australia's Most Innovative Health Insurer

Medibank is Australia's Most Innovative Health Insurer for 2025.

Innovation Rankings

Medibank scored the highest Innovation Index, followed by HCF, Bupa, nib, and HBF.



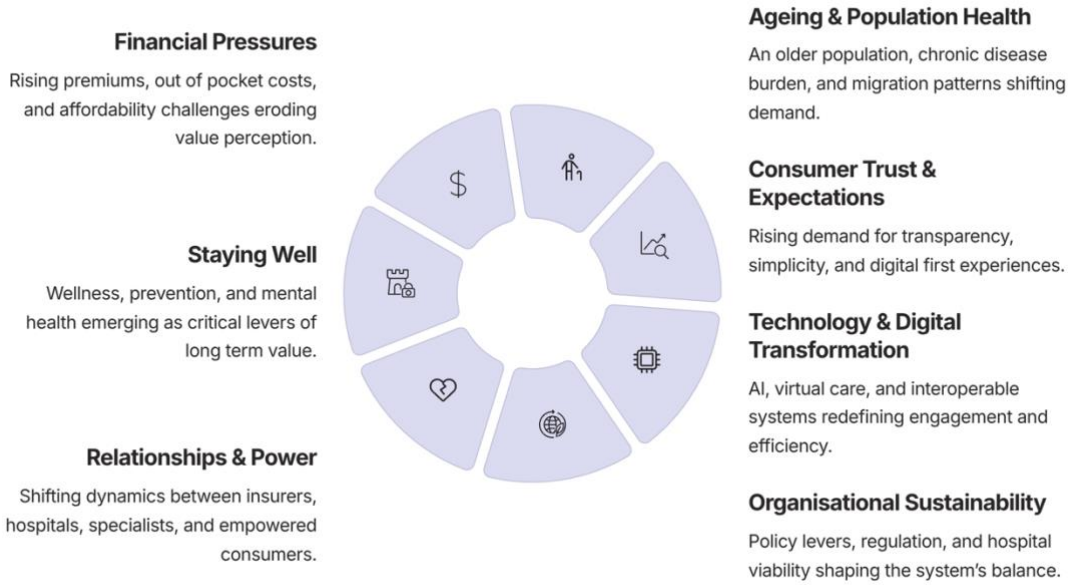
Rank	Insurer	Innovation Index	Key Strength
1	Medibank	91%	Scale, prevention, digital, home care
2	HCF	86%	Affordability, trust, No Gap, digital service
3	Bupa	79%	Integrated care, digital GP, prevention
4	nib	77%	AI at scale, home pathways, digital ecosystem
5	HBF	67%	No Gap services, digital modernisation

PHI FACTORS™

PHI FACTORS™ is a practical framework designed to help insurers and health leaders understand the forces shaping the private health insurance industry. These seven drivers capture the pressures, opportunities, and expectations facing funds today, and provide a lens to assess how Australia's top insurers are responding. Like the factors in a complex equation, each one influences the industry's trajectory. Together, they define the conditions for sustainable growth, innovation, and member value.

The PHI FACTORS™ are:

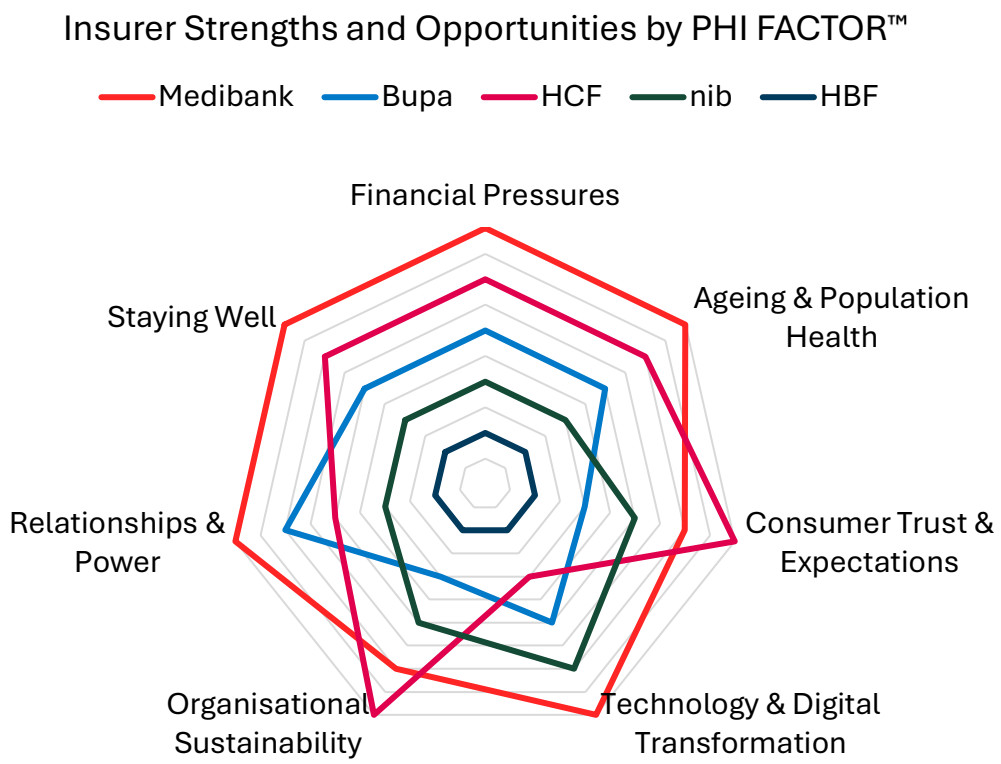
- **Financial Pressures:** Rising premiums, out of pocket costs, and affordability challenges eroding value perception.
- **Ageing & Population Health:** An older population, chronic disease burden, and migration patterns shifting demand.
- **Consumer Trust & Expectations:** Rising demand for transparency, simplicity, and digital first experiences.
- **Technology & Digital Transformation:** AI, virtual care, and interoperable systems redefining engagement and efficiency.
- **Organisational Sustainability:** Policy levers, regulation, and hospital viability shaping the system's balance.
- **Relationships & Power:** Shifting dynamics between insurers, hospitals, specialists, and empowered consumers.
- **Staying Well:** Wellness, prevention, and mental health emerging as critical levers of long-term value.



For more information, visit acceleratedinnovation.com.au/phi-factors/

Summary of Results

PHI FACTOR™	1st	2nd	3rd	4th	5th
Financial Pressures	Medibank	HCF	Bupa	nib	HBF
Ageing & Population Health	Medibank	HCF	Bupa	nib	HBF
Consumer Trust & Expectations	HCF	Medibank	nib	Bupa	HBF
Technology & Digital Transformation	Medibank	nib	Bupa	HCF	HBF
Organisational Sustainability	HCF	Medibank	nib	Bupa	HBF
Relationships & Power	Medibank	Bupa	HCF	nib	HBF
Staying Well	Medibank	HCF	Bupa	nib	HBF
Overall	Medibank	HCF	Bupa	nib	HBF



Key Insights

Australia's private health insurance sector is shifting from fragmented innovation to deliberate, system-level transformation. The leading funds are no longer treating innovation as a collection of projects. Instead, they are building connected strategies that link affordability, prevention, digital care, and system reform.

Affordability is being redesigned, not just managed

Financial pressure remains the biggest threat to consumer confidence and policy sustainability. The top funds are addressing it through structural change rather than temporary price restraint. No Gap arrangements, home-based care, value based partnerships, and digital claims automation are now core levers for cost control. Medibank and HCF lead with measurable savings for members, while Bupa and nib are shifting cost out of hospitals through new care models and virtual services.

Prevention is finally scaling beyond pilots

Prevention is moving from small trials to population-level delivery. Virtual coaching, chronic disease programs, weight management pathways and early detection initiatives are reducing avoidable hospital admissions. Medibank and HCF delivered the strongest measurable outcomes, and nib's prevention partnerships are widening access outside the insured population. The shift signals a maturing view of the insurer as a health partner, not a bill payer.

Virtual and home-based care are reshaping delivery at scale

Virtual GP, allied health and mental health services are now standard benefits among the major funds. Hospital at Home and rehabilitation-at-home are reducing hospital bed days and improving patient preference. Medibank and nib delivered the largest reductions in hospital reliance, while Bupa is building integrated medical centres and home pathways that blur the line between insurer and care provider.

Digital transformation has moved from convenience to capability

AI-enabled claims, virtual health platforms, personalised apps, and secure cloud environments are now critical infrastructure. Medibank and nib lead in automation and data maturity, while Bupa's digital care ecosystem positions it as a combined provider and insurer. The sector is modernising at different speeds, but the direction is clear. Digital capability is becoming a strategic determinant of competitiveness.

Consumer trust is rising through transparency and value

Trust has been fragile for years, driven by affordability concerns and product confusion. In 2025, funds responded by delivering simpler cover, No Gap certainty, faster claims, proactive hardship support, and loyalty programs tied to real value. HCF remains the most trusted health insurer in Australia, and Medibank recorded its strongest advocacy results since 2022. More funds are recognising that trust is not earned through marketing, it is earned through experience.

The gap between leaders and followers is widening

The top three funds showed clear momentum through scale, system partnerships and investment into whole-of-health strategies. nib delivered advanced digital and contracting innovations, although with slightly smaller reach. HBF delivered meaningful value through prevention and modernised infrastructure, but with less national footprint. With capital flowing into prevention, digital, and care redesign, competitive advantage is now defined by platform depth, speed of scaling, and measurable outcomes.

Innovation is becoming performance, not a side project

Across the sector, innovation is shifting from ad hoc projects to embedded business systems. Leadership accountability, data transparency, member outcomes, and delivery discipline are becoming standard expectations. The funds winning in this environment are those treating innovation as core business, tied directly to affordability, sustainability, and member experience.

Download the Full Report

Get the complete analysis, all seven PHI FACTORS™ deep dives, full case studies, and insurer performance insights that sit behind this Summary Edition.

acceleratedinnovation.com.au/innovation-reports

Executive Summary

Australia's private health insurance sector is entering a new phase of innovation maturity. After years of gradual reform, insurers are now reshaping how care is accessed, delivered and funded. The most significant shift in 2025 was not competition, but alignment. The top funds are moving in the same direction, addressing the same structural pressures, and delivering measurable outcomes for members and the broader health system.

Affordability remains the strongest concern for households, and the sector responded with practical change. No Gap arrangements expanded, digital claims reduced friction, and home-based care lowered costs for insurers and members. These improvements show that affordability can be improved through smarter delivery and better system design, not only through price restraint.

Virtual care moved from the edges of the system into the centre. Millions of digital consultations were delivered and thousands of hospital bed days were avoided as rehabilitation, chemotherapy, post-operative care and mental health support shifted into homes and community settings. This change has created new capacity in hospitals, faster access to clinicians, and a more comfortable experience for members.

Digital transformation gained pace. AI and automation created faster claims, more accurate processing and personalised member engagement. Mobile apps and online services have become the default channel for many Australians, and funds have invested in secure, scalable platforms that can support long-term change rather than short-term convenience.

Prevention is expanding beyond well-being programs into clinically validated pathways. Screening, weight management and chronic disease coaching reached more members than ever before. This shows a shared understanding that health outcomes, claims performance and member experience are now interconnected.

Each fund approached this journey in a different way, shaped by structure, strategy and scale. Some invested heavily in digital care, others in new clinical models, others in system partnerships and owned health services. What matters most is that innovation is becoming part of core operations across the sector. It is now tied to measurable impact: lower costs, better access, simpler experiences, stronger trust, and healthier communities.

The next stage of progress will depend on collaboration across insurers, hospitals, clinicians, government and technology partners. The sector has demonstrated momentum and willingness to rethink old models. The opportunity now is to continue this progress, share what works, and keep moving towards a more affordable and sustainable private health system for Australians.

Australia's Top Health Insurers

Medibank

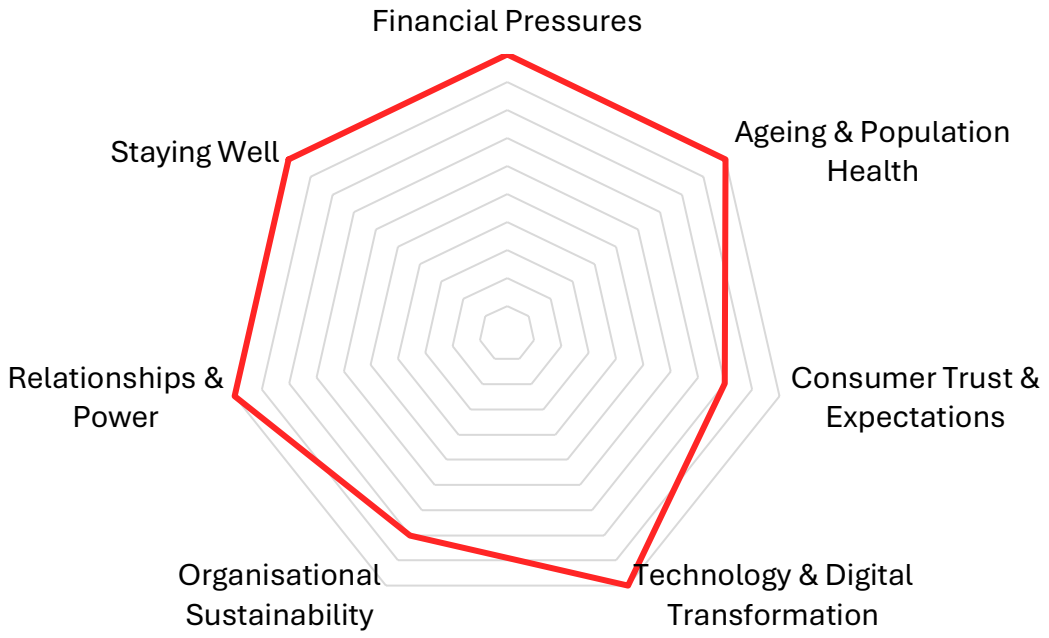
Annual Revenue: $8.6bn
Brands: Medibank, ahm
Market Share: 26%
Innovation Ranking: 1
Innovation Index: 91%

Competitive Strategy

Medibank's 2025 strategy reflects a deliberate shift from traditional health insurance towards a broader, innovation-led health ecosystem. The company's competitive approach centres on affordability, system reform, and customer experience, supported by investment in new models of care, data-driven prevention, and sustainability. Innovation is not treated as a separate function but as the mechanism through which Medibank differentiates itself in a market shaped by regulation, affordability pressures, and rising consumer expectations.

Strategic Evolution

Between 2024 and 2025, Medibank evolved from a digital-first health insurer to a system innovator focused on affordability, integrated care, and sustainability. Its innovation strategy moved beyond convenience and technology to reimagine how healthcare is delivered and funded. This shift marked a transition from enabling digital access to shaping the broader private health ecosystem.



HCF

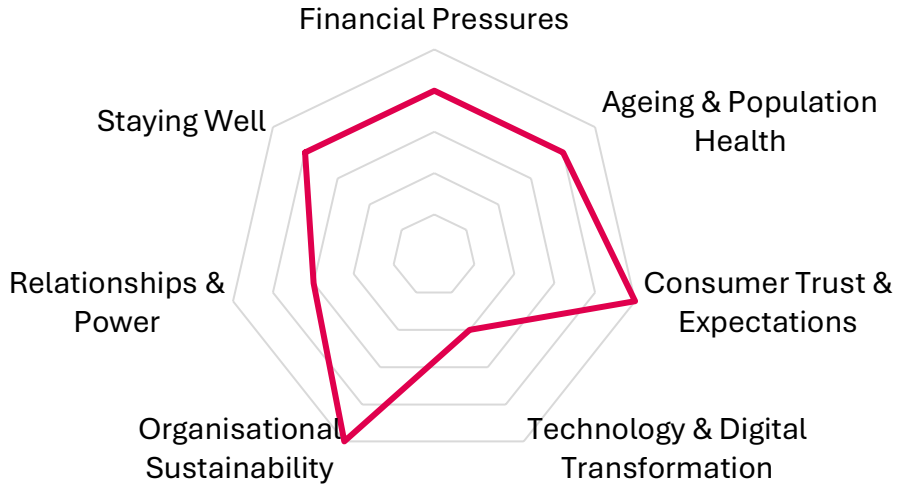
Annual Revenue: $4.2bn
Brands: HCF, Flip Insurance, rtHealth
Market Share: 13%
Innovation Ranking: 2
Innovation Index: 86%

Competitive Strategy

HCF's competitive strategy in 2025 is built on using its not-for-profit structure to deliver stronger value, lower out-of-pocket costs, and higher member trust than any other fund. Rather than competing on price or scale, HCF competes on value returned to members, measurable affordability, and consistent service leadership. By reinvesting surplus into benefits, loyalty programs, and No Gap services, HCF demonstrates a member-first model that has helped grow market share, maintain the #1 position in Member Satisfaction, and win Roy Morgan's Most Trusted Private Health Insurance Brand in 2025. This approach differentiates HCF as the insurer that protects members financially and clinically during a period of rising health and cost pressures.

Strategic Evolution

HCF continues to evolve its strategy around affordability, prevention, and care outside hospital, building on its position as Australia's largest not-for-profit fund. In 2025, the fund deepened its investment into new care models that replace hospital admissions with home-based treatment, reducing cost and improving member experience. Digital psychology, cardiac rehab, virtual GP access and chronic care programs are now delivered at scale, translating research into practical outcomes for members. A refreshed national brand strategy, expanded No Gap networks and product flexibility signal a shift from traditional insurance to value-led health services that help members stay healthy for longer.



Bupa

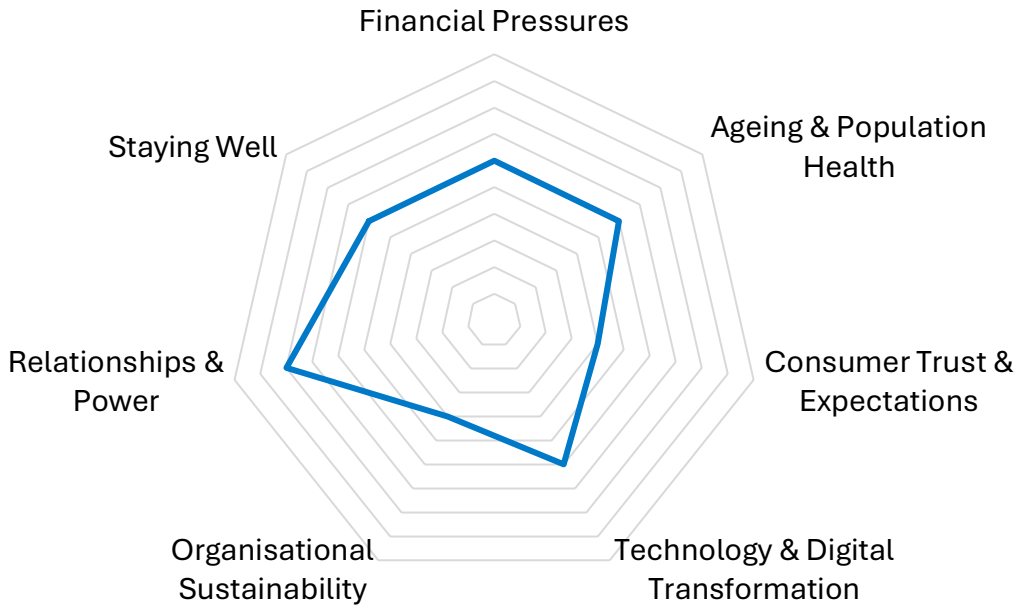
Annual Revenue: ~$8bn
Brands: Bupa
Market Share: 26%
Innovation Ranking: 3
Innovation Index: 79%

Competitive Strategy

Bupa's competitive strategy in 2025 focuses on transforming from a traditional health insurer into an integrated health partner. Innovation is being used as both a differentiator and a driver of long-term sustainability, allowing Bupa to compete on the quality, accessibility, and connectedness of care rather than on price alone. Through digital integration, new care delivery models, and a stronger focus on prevention, Bupa is building a competitive advantage that extends beyond the boundaries of private health insurance.

Strategic Evolution

Between 2024 and 2025, Bupa's innovation strategy shifted from integration to acceleration. In 2024, the focus was on embedding its Connected Care framework, aligning digital, physical, and preventative health services under one ecosystem. By 2025, that foundation evolved into a sharper execution focus, marked by the launch of market-defining initiatives such as free telehealth for members, expansion of Blua Health, and renewed investment in affordability, prevention, and digital enablement. Bupa's innovation agenda now extends beyond enhancing care access to reshaping how Australians experience and engage with their health insurer.



nib

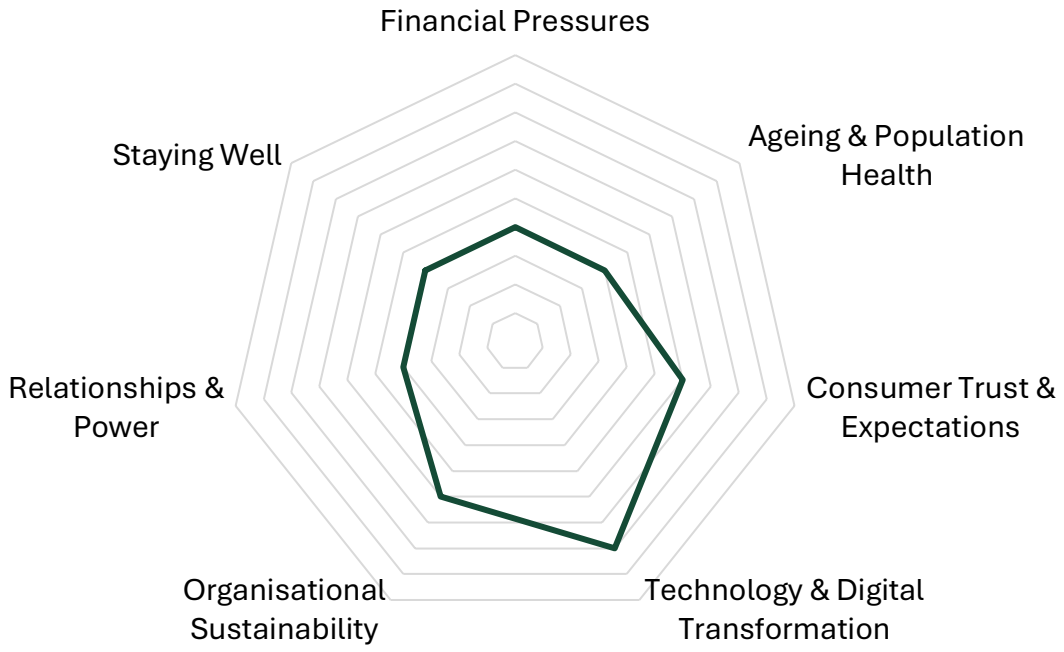
Annual Revenue: $3.6bn
Brands: nib, GU Health, AAMI, Suncorp, AA, QANTAS Insurance
Market Share: 10%
Innovation Ranking: 4
Innovation Index: 77%

Competitive Strategy

In 2025 nib strengthened its competitive position by using innovation to redefine what it means to be a private health insurer. Instead of competing on price or scale alone, nib focused on using technology, data and partnerships to improve affordability, access and health outcomes. This approach aligns with its strategy to evolve from an insurance company into a connected health partner. Innovation now sits at the centre of nib's competitive model, driving both customer experience and system efficiency.

Strategic Evolution

Between 2024 and 2025, nib's innovation strategy shifted from building digital capability to scaling integrated health services and ecosystem partnerships. In 2024, innovation was largely technology led, focused on automation, digital member experiences and early health management programs. By 2025, nib had evolved into a more connected health partner, embedding AI, expanding telehealth through Midnight Health, and growing preventive health programs through Honeysuckle Health and the nib foundation. Innovation became more closely tied to nib's competitive strategy, improving affordability, member trust and long-term sustainability.



HBF

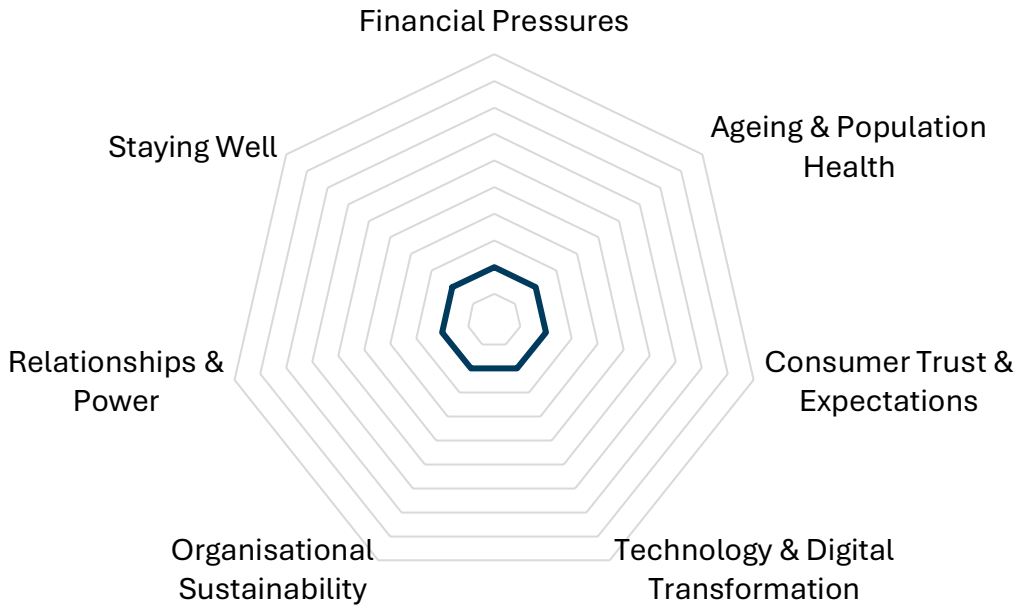
Annual Revenue: $2.3bn
Brands: HBF, Queensland Country Health Fund, see-u
Market Share: 8%
Innovation Ranking: 5
Innovation Index: 67%

Competitive Strategy

HBF's innovation agenda in 2025 reflects a deliberate shift from being a traditional health insurer to a broader, member-centred health organisation. Its initiatives focus on affordability, preventative health, digital capability, and cultural renewal, all of which reinforce its competitive strategy as a trusted, community-based not-for-profit seeking national relevance. The launch of HBF30, its new five-year strategy, marks the transition from system modernisation to innovation-led growth, positioning HBF to compete on value, experience, and health outcomes rather than price alone.

Strategic Evolution

HBF's innovation strategy evolved markedly between 2024 and 2025. In 2024, the fund's efforts were primarily focused on digital transformation, member trust, and maintaining affordability within a price-sensitive market. By 2025, innovation became a growth engine in its own right, with the launch of the HBF30 strategy, completion of its enterprise-wide Transformation Program, and major expansions into owned health services and preventative care programs. This evolution signalled a shift from modernising operations to building a scalable, purpose-led health ecosystem focused on prevention, accessibility, and value.



Recommendations for the Sector

Make affordability measurable and transparent

Affordability is now delivered through design, not discounting. Funds should scale No Gap arrangements, out-of-hospital pathways, and digital claims automation, while publishing measurable outcomes that demonstrate value returned to members.

Accelerate care outside hospital

Hospital capacity, workforce pressures and rising acuity require insurers to move faster on home-based care, virtual rehabilitation, pharmacy-enabled care and community delivery models. The early results are clear: members prefer it, outcomes improve and costs fall.

Invest in prevention as a core system lever

Clinically validated prevention programs should be embedded at scale, with clear referral pathways from primary care, digital monitoring and outcome reporting. Prevention reduces claims pressure and builds long-term relevance with younger members.

Build digital platforms that connect, not replace, care

AI, automation and virtual care must sit within a clear governance framework that protects privacy and member trust. Digital capability should enhance clinical delivery, improve navigation, and enable earlier intervention, rather than simply replicate existing processes online.

Strengthen member trust through simplicity and service

Clear communication, real-time transparency and accessible support are now as important as benefits themselves. Funds that reduce confusion, remove friction and offer proactive guidance will strengthen advocacy and loyalty.

Partner for system-wide impact

The next phase of innovation requires deeper collaboration. Partnerships with hospitals, clinicians, government, technology providers and research organisations will unlock care models no single organisation can deliver alone.

The Road Ahead

Australia's health system is under pressure, but the progress demonstrated in 2025 shows that insurers are ready to play a proactive role in shaping the future of care. When innovation is tied to measurable outcomes, supported by digital capability and delivered with clinical integrity, it creates a more affordable and sustainable system for everyone.

The opportunity now is to scale what works, share successful models, and continue building a system that keeps people well, not just covered. The sector has momentum. The challenge and responsibility is to keep it moving.

Download the Full Report

Get the complete analysis, all seven PHI FACTORS™ deep dives, full case studies, and insurer performance insights that sit behind this Summary Edition.

acceleratedinnovation.com.au/innovation-reports