

Health Care and Social Assistance • Q8512

Specialist Medical Services in Australia

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IExpert

Misaki Iishi

Published: September 2024

At a Glance

Revenue \$16.3bn '20-'25 ↑1.1% '25-'30 ↑5.7%	Employees 48,107 '20-'25 ↑5.9% '25-'30 ↑6.1%	Businesses 24,162 '20-'25 ↑4.6% '25-'30 ↑5.7%
Profit \$1.9bn '20-'25 ↑6.0%	Profit Margin 11.8% '20-'25 ↑2.5 pp	Wages \$12.0bn '20-'25 ↑6.6% '25-'30 ↑3.2%

Five-year growth rates display historic and forecast CAGRs

→ Major Players

Company	Revenue	Market Share
Sonic Healthcare	\$80.0m	0.5%
Other Companies	\$16.2bn	99.5%

⊕ Products and Services

Item	Revenue	Market Share
Physicians	\$4.2bn	25.7%
Surgeons	\$2.0bn	12.4%
Anaesthetists	\$1.9bn	11.4%
Psychiatrists	\$1.5bn	9%
Paediatricians	\$1.2bn	7.5%
Obstetricians and gynaecologists	\$715.6m	4.4%
Other medical specialists	\$4.8bn	29.6%

📊 Key External Drivers

Key External Drivers	Impact
Federal funding for Medicare	Positive
Population aged 50 and older	Positive
Total visits to a general practitioner	Positive
Female population aged between 15 and 45	Positive
Private health insurance membership	Positive

Key Takeaways

Performance

- An ageing population drives steady demand growth in this industry. The need for higher priced and more frequent specialist medical services among older patients underpins industry revenue.
- Health workforce shortages are impacting the Specialist Medical Services industry. Psychiatrists, dermatologists and ophthalmologists are the main fields in short supply.

External Environment

- Federal funding for Medicare significantly impacts this industry's revenue. The Federal Government plans to strengthen investment for health function, which is set to boost revenue in the current year.
- An ageing population contributes to steady growth in this industry. Increased prevalence of complex diseases and conditions has stimulated revenue growth in the current year.

SWOT

Strengths	<ul style="list-style-type: none"> High & Steady Barriers to Entry High & Steady Level of Assistance Growth Life Cycle Stage Low Imports High Profit vs. Sector Average Low Customer Class Concentration Low Product/Service Concentration High Revenue per Employee Low Capital Requirements
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Weaknesses

Opportunities	<ul style="list-style-type: none"> High Revenue Growth (2020-2025) High Revenue Growth (2025-2030) High Performance Drivers Female population aged between 15 and 45
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Threats	Federal funding for Medicare
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Executive Summary

Playing the medical field: Different trends are driving divergent performances within the industry's services

The Specialist Medical Services industry has benefited from Australia's growing and ageing population. Heightened obesity among the Australian population has also contributed to increasing incidences of chronic diseases or disorders, including heart disease, cancer, diabetes and arthritis, which have strengthened demand for specialist medical services. Over the past few years, the Specialist Medical Services industry has faced mixed demand for different areas of specialist practices. The growing prevalence of mental health issues, particularly among young people, following the COVID-19 outbreak has fuelled demand for psychiatrists. On the other hand, Australia's diminishing birthrate has reduced demand for obstetricians and gynaecologists. Overall, industry revenue is expected to climb at an annualised 1.1% to \$16.3 billion through the end of 2024-25.

The Federal Government, through Medicare, provides support to qualified specialists by funding a scheduled fee that covers part or all of a specialist service. Medicare establishes safety nets to prevent the annual accumulation of gap payments from placing an excessive financial burden on patients. A continuous climb in federal funding for Medicare has stimulated the Specialist Medical Services industry's revenue growth. Following the pandemic, the Specialist Medical Services industry has faced challenges of inflated purchase expenses and wage costs resulting from health workforce shortages. However, pent-up demand with more patients requiring specialist medical services has supported profitability. Specialist medical services income is expected to climb 2.5% in 2024-25.

The Specialist Medical Services industry will continue to benefit from a growing and ageing population as older people typically require more specialist medical services than younger people. Revenue is forecast to climb at an annualised 5.7%, totalling \$21.5 billion through the end of 2029-30. The expanded need for specialist medical services with government support may invite new entrants to this industry, which can intensify internal competition. Projected expansion in private health insurance membership and treatments involving technological improvements, like robotic surgery, is set to encourage patients to bear higher out-of-pocket costs for high-quality services and care, bolstering this industry's revenue growth.

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	High	Steady
Regulation and Policy	High	Steady
Life Cycle	Growth	
Revenue Volatility	Moderate	
Assistance	High	Steady
Competition	Moderate	Steady
Innovation	High	

Call Preparation Questions

Call Prep Questions

Sales & Marketing

How has the ageing population affected demand for your services?

- Older people tend to require a greater volume of specialist medical services per capita than younger people due to higher incidences

of age-related diseases and disorders.

How has increased federal funding for Medicare supported your business?

- An increase in federal funding with Medicare typically drives industry revenue growth as more consultations are covered.

Strategy & Operations

How close is your company to key markets?

- Specialist practices should be located in a convenient area close to referring practitioners and potential patients.

How can you boost referrals from general practitioners?

- Industry firms should cultivate a good working relationship with referring doctors as this ensures patient referrals.

Technology

What systems have you implemented to automate labour functions?

- Online booking systems and electronic health records have reduced reliance on reception and administrative staff.

How has your business evolved with the latest technology?

- Technologically advanced equipment such as robotic surgeries and complex imaging are revolutionising surgery practices.

External Impacts

Private health insurance membership

What affiliations do you have with private hospitals?

- Rising private health insurance memberships can increase demand for private hospitals, which offer patients a choice of specialists.

Federal funding for Medicare

To what extent does Medicare cover customer costs?

- The services of specialist medical practitioners are heavily

Compliance

How does your business ensure workplace health and safety for employees and clients?

- Industry firms must ensure a safe workplace for staff and customers, to avoid the outbreak of infection and contamination of samples.

What qualifications are required to operate in the industry?

- Specialist medical practitioners are required to have significant educational qualifications.

Finance

How has the Medicare rebate freeze affected your prices?

- Prices charged by specialists are generally higher than the schedule fee that Medicare covers for consultations.

What effect has the Medicare Safety Net had on your business performance?

- The Medicare Safety Net cushions potential reductions in demand arising from higher out-of-pocket costs, allowing specialists to charge higher prices for similar volumes of services.

subsidised through Medicare.

Total visits to a general practitioner

How strong are your relationships with general practitioners in your area?

- General practitioners often refer patients to specialists for further treatment or to gain a specialist opinion.

Internal Issues

Having contacts within key markets

How do you ensure a good working relationship with referring

doctors?

- Industry firms should cultivate a good working relationship with referring doctors as this ensures patient referrals.

- Specialists that are well-known or have a reputation for skilled work are likely to receive more referrals than those that are unknown or have a lesser reputation.

Having a good reputation

What systems do you have in place to help patients recommend your service to others?

Proximity to key markets

How accessible is your location to your customers?

- Specialist practices should be located in a convenient area close to referring practitioners and potential patients.

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