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Let's make the health fund rebate really work for consumers

Proposed reforms of private health insurance must ensure that consumers and taxpayers get a better deal from the \$6 billion rebate on health fund policies, the Consumers Health Forum says.

It is reported that the Government could consider changes to the rebate to benefit health fund members in rural and regional Australia.

The report comes as the Consumers Health Forum releases its submission to the 2017 Federal Budget, in which it calls for effective protection for consumers from rising premiums and out-of-pocket costs by more effective use of the health insurance rebate.

The submission states that health insurance and the rebate that subsidises it should take pressure off the public health system – not contribute to it.

“To propose rebate changes in the hope of improved health benefits for country consumers has limitations. We need to see the review remain focused on the entire private health insurance system,” the CEO of the Consumers Health Forum, Leanne Wells, said today.

“There’s no dispute that people in rural and remote Australia are poorly served with health services. This requires a comprehensive response that improves community health infrastructure and services through measures such as workforce incentives, travel and accommodation subsidies and specialised Primary Health Network-led programmes at the same time as examining how health insurance can deliver country Australians better value.

“The overwhelming priority of the Government’s current review of health insurance should be to ensure health cover is delivering reasonable benefits to all health fund members by means of simple, dependable policies. The most likely way that can happen in the current circumstances is for the rebate to be used as a lever to coax funds and the private health sector to provide better value.

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Consumers shaping health

“To suggest that lifting the rebate in country areas will bring any significant benefits to regional consumers is not borne out by the experience with the health insurance rebate so far this century. While the rebate led to a big increase in people with health insurance, health insurance premiums have continued to increase well ahead of inflation while many members now find their cover being pared back.

“With fewer people in the bush having health insurance, and less likely to afford it given lower incomes outside cities, it would be highly inequitable to expect the taxpayer to contribute yet more to bolstering health funds and the private health sector, while the Medicare benefit freeze raises the prospect of patients across the board facing higher out of pocket costs.

“The Private Health Insurance Rebate needs to be better targeted and the money directed to it more effectively spent. Policies which are eligible for the rebate should be required to meet basic levels of reasonable cover, simplicity and comparability. This will lead to better value policies which increase the use of the private health system..

“All private health insurance funds should be required to make the costs and coverage of all their insurance packages readily available in plain language. This change will allow consumers to make informed choices about their spending and result in less confusion and fewer unexpected gaps,” Ms Wells said.

In its Budget submission, CHF has called for a national vision for the health system, and says the health system faces considerable challenges including increases in chronic illness, the move towards more personalised medicine and impact of technological change, including eHealth.

“These considerable challenges can only be adequately addressed by a 21st century health system which ensures quality health care for all Australians and maximises the potential of the advances which accompany these challenges. This system should be one which supports consumers to take control of their care through engaging them in shared and informed decision making,” Ms Wells said.

In other major points, CHF’s Budget submission calls for key commitments, including:

- **A tax on sugar sweetened beverages**

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- Increased investment in primary health care
- Reforms to improve the PBS safety net
- Support for consumers to participate in shaping the health system particularly to boost the role of consumers in Primary Health Networks.

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