

Private health insurance under the spotlight

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A commitment by the Opposition to a wide-ranging Productivity Commission review of the private health system is a welcome step and a level of independent inquiry we have been recommending for some time, the Consumers Health Forum says.

“The rising burden of health insurance costs on family budgets coupled with declining value in health insurance has been a top priority for CHF in response to feedback we receive from members and the community.

“Private health insurance is primarily intended to take the pressure off public hospitals, give people choice of doctor and assist in defraying the costs of private health care. A strong private health system can complement public health care but the question needs to be asked: is private health insurance achieving what it was set up to do or are we now looking at policy failure?

Added to that, people are seriously questioning the value of this product. Many are voting with their feet by opting out or downgrading their policies” says CHF CEO, Leanne Wells.

‘It is not feasible that these patterns continue: the mix of incentives, subsidies and other arrangements that shape our current health insurance arrangements need a deep policy re-look.

“That is why we have consistently called for a Productivity Commission review. As the Government’s principal review and advisory body on microeconomic policy, regulation and other social and environmental issues that affect the welfare of Australians, the Commission is best placed to undertake this task”

“CHF would expect to be consulted closely as terms of reference are framed and involved heavily to bring consumer insights to the table as the inquiry progresses.

“These are enduring issues that pose a challenge that our political leaders must address if we are to retain decent access to health care for all.

Contact: Mark Metherell, 0429 111 986

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“Both sides of politics have recognised the policy dilemmas associated with private health insurance. We urge bipartisan support to the Productivity Commission review proposed by the Opposition so that it might commence sooner rather than later.

“The Opposition has also committed to some short term premium relief by capping premium rises to 2% for two years as the inquiry runs its course. While these will be complicated matters to work through with the health insurance industry and will require some regulatory changes in order to enforce, CHF supports any steps to improve health insurance affordability.

“Affordability is only part of the picture. Action to improve comparability of policies, deliver better transparency in the system for consumers, and to ensure that coverage for low-value, non-evidence based care is excluded from policies and eligibility for the PHI rebate are current measures that must continue to be pursued. We also urge bipartisan support to these October 2017 reforms announced by Minister Hunt that seek to address these issues.

“Health insurance continues to be a double-edged sword for many consumers. On top of their rising health insurance premiums they continue to face out-of-pocket costs. CHF’s current [Out of Pocket Pain survey](#) remains open to investigate the scale of this problem.”

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