

Health funds' fall highlights need for consumer input

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Health funds numbers have fallen again to their lowest level in 12 years, making more important than ever the need for a more consumer-focused approach, the Consumers Health Forum said today.

"The continued decline in the number of Australians taking up private cover comes despite the introduction of measures aimed at making insurance better value for consumers," the CEO of the Consumers Health Forum, Leanne Wells, said.

"We acknowledge the Federal Government's efforts and that it is still seeking to bring down costs for consumers through further plans such as a website showing hospital specialist fees.

"But we need consumers to have a bigger say in the search for a better outcome to avoid health insurance continuing its downwards spiral.

"There needs to be more rigorous examination of why people are dropping out, as well as a review of measures such as:

- Raising the age at which lifetime health cover starts - perhaps moving the threshold up as high as age 35. Currently penalties start mounting at age 30 making it a mounting disincentive on top of financial pressures facing that age group.
- More incentives for people to remain insured by reducing out of pocket costs such as spurring specialists to bulk bill at least for

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initial consultations and encouraging surgeons and other proceduralists to offer no or known gap fee arrangements.

“It is clear that more fundamental reforms are needed to bring private care costs into line with community capacity to pay. Premiums have risen by 30 per cent in real terms since 2011, in contrast to rises of 10 per cent in general health expenditure and in wages.

“The Government’s latest reforms began in April but the quarterly figure for the period since then shows a 0.3 per cent fall in the proportion of Australians with health insurance --- both hospital and general insurance.

“And even while benefit payouts rose marginally more than premiums in the past 12 months, which is welcome, out of pocket costs continued to rise somewhat by \$5.78 to \$314.51 per average hospital episode around Australia.

“These figures indicate that a growing number of consumers can no longer bear the heavy costs of health insurance premiums at a time of shrinking cover. And taxpayers, the majority of whom are uninsured, have more reason to question the equity of billions of dollars in tax subsidies going to private insurance.

“The paradox is that this latest decline comes as the for-profit health funds continue to generate high returns for their shareholders.

“One fund this week acknowledged that insurers are feeling the pressure from cost-conscious consumers even as it increased shareholder payout off a 13 per cent rise in full-year profit.

“Such developments undermine the credibility of private health insurance whose members join for their own health, not wealth,” Ms Wells said.

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