

Health fund value needs scrutiny before further subsidies

MEDIA RELEASE WEDNESDAY 9 OCTOBER 2019

The question of any further taxpayer help for private health funds requires a searching inquiry into the cost benefits of such subsidies for the whole health system, the Consumers Health Forum said today.

“Many billions of taxpayer dollars have been spent on private insurance, yet we are now hearing calls from the industry for yet more Government help to meet the financial risks of declining and ageing memberships,” the CEO of the Consumers Health Forum, Leanne Wells, said.

“The lesson of history is that after 20 years of Government subsidies and regulatory shelter, consumers have experienced years of above-inflation premium increases and shrinking coverage, while health funds profits have tended to remain buoyant.

“The pressure from health funds makes it timely for a thorough, independent inquiry by the Productivity Commission to examine the effects of private health insurance subsidies on the health system as a whole and how it serves the interests of health care for all Australians.

“We need a systematic approach to examining options that are going to best serve consumers and the wider system, rather than responding to solutions put forward by industry interests. There are plenty of credible options for expenditure of public money on health as Monday’s edition of ABC’s *The Drum* heard.

“If we invest anywhere for the community’s benefit and health system sustainability it has to be in preventative and primary health care and in a modernised future-proofed Medicare. Any review needs to explore the value of assistance to health insurance and how it should be funded in that context.

“A feature of the Australian health system in the 21st Century is that young adults have grown up with Medicare and may prefer to rely on the public health system.

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"Incentives for young people to take insurance are having little effect. It is interesting to note that not all insurers are offering the youth discounts that were part of the last year's reforms. At last count 20 of the 37 funds were offering them on some but not all products.

"Before calling for more reforms perhaps they should all be asked to implement those discounts which are worth up to 10 percent," Ms Wells said.

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