



## Australian Health Care Reform Alliance

**MEDIA RELEASE**

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### **Concern mounts over private health insurance subsidies**

Delegates at a two-day National Health Reform Summit in Melbourne today expressed concern that reform of private health insurance was not addressed in the National Health and Hospitals Reform Commission's (NHHRC) recent interim report.

Addressing more than 100 delegates representing the Australian Health Care Reform Alliance (AHCRA) health economists Ian McAuley, from the University of Canberra, and Professor Leonie Segal from the University of South Australia, queried the Commission's approach to health funding.

"The churning of public dollars through the private health insurance sector is extraordinarily inefficient and inequitable," said Mr McAuley.

"The most effective and efficient method of funding health services for an entire population is through taxation," Professor Segal said.

Keynote speaker Dr Paul McCormack, a health care consultant from New Zealand, said that as an outsider it did not make sense to him that public funds should be used to top up private insurance.

"It has a reverse robin-hood effect taking from the poor via taxation to provide cheaper private health care to the rich," he said.

Fiona Armstrong, Chair of AHCRA, said the NHHRC's claim that the current mix of health care resources raised through taxation, private health insurance and out of pocket contributions is optimum is not supported by evidence.

"One of the principle aims of this reform alliance is to make our system fairer for the people who use it and to make sure the \$94 billion currently being spent on health is used as efficiently as possible.

"We are not at all convinced that the current mix, specifically the \$3 billion subsidy for private health insurance, achieves this or is sustainable," Ms Armstrong said.

The National Health Reform Summit will tomorrow consider the governance options outlined in the NHHRC interim report with particular emphasis on the directions for primary health care. Health Minister Nicola Roxon is scheduled to make the keynote address, based on the Rudd Government's promised health reform agenda, at 10am tomorrow (Tuesday).

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