



Australian Health Care Reform Alliance

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MEDIA RELEASE

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AHCRA supports call for private health insurance review

The Australian Healthcare Reform Alliance (AHCRA) today supported the call from the Consumers Health Forum (CHF) for a comprehensive review of private health insurance after its role in the Australian health system was extensively criticised by a group of leading consumer advocates and health policy experts.

AHCRA is a coalition of peak health organisations working together to create a better and fairer health system for Australia's future.

"AHCRA agrees with the comments from CHF CEO Leanne Wells that our current system of private health insurance has 'serious inadequacies'. These include its 'cost and complexity', 'meagre coverage' and the 'ineffectiveness of Government subsidies,'" AHCRA Chair Jennifer Doggett said today.

"In particular, AHCRA is concerned about the role of PHI in increasing inequities in the current health system, leading to poorer health outcomes for groups such as Indigenous Australians, people with mental illnesses and people living in rural and remote areas.

"We support the call from CHF for the Government to boost the scope of its private health care review to address the serious criticisms levelled at our current system from health care providers consumers, public sector managers and health economists, including the following comments:

"The benefits of PHI are limited for people with chronic illnesses..... the investment by Government into the rebate will become largely wasted," **Dr Christine Walker**, CEO, Chronic Illness Alliance and Executive Member of AHCRA.

"Private health insurance is inequitable, wasteful and represents a grave threat to Medicare's power to control health costs," **John Menadue**, former senior bureaucrat, business leader and author/publisher of the [Pearls and Irritations](#) blog.

"The private health insurance rebate is a high cost privatised tax which fails to deliver value and certainty for consumers." **Ian McAuley**, adjunct lecturer in public sector finance at the University of Canberra and a fellow of the Centre for Policy Development

"Government incentives.....have distorted consumers' perceptions on the value of private health insurance, and clouded decisions on whether individuals should insure, and how much insurance to buy," **Dr Terrence Cheung**, Senior Lecturer at the School of Economics at University of Adelaide.

"There are 1.3 million people living in outer regional and remote communities who are cross-subsidising the cost of private health insurance for people in metropolitan and inner regional Australia. These are the people who pay for private health insurance but get very little back for what they pay," **David Butt**, CEO, National Rural Health Alliance.

"It is clear from this criticism that the current system of PHI is failing to deliver the outcomes expected by the Australian community. A wide-ranging and comprehensive review would identify policy options to improve the efficiency and equity of health care without the high cost and waste associated with private health insurance. AHCRA urges the Government to respond to CHF's proposal and include PHI in its current review of the private health care sector," Ms Doggett said.

For further information or comment: AHCRA Chair, Jennifer Doggett, 0403 325 980