



# Australian Health Care Reform Alliance

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**MEDIA RELEASE 31 March 2016**

## **Health Alliance welcomes Greens' new policies on hospital funding and private health insurance rebate**

The Australian Health Care Reform Alliance (AHCRA) today welcomed the Greens' new health policy statements on hospital funding and the private health insurance rebate.

The proposal to gradually restore the Commonwealth back towards being a 50% funder of hospitals (and the notion of enshrining this in legislation) would restore significant stability to the public hospital sector and support the States' capacity to run a sustainable system. (The Federal Government in the 2014 Budget unilaterally cut about \$57 billion out of hospital grants to the States over the coming years.)

"Further AHCRA strongly supports the Greens' proposal to gradually withdraw the Federal Government's rebate for private health insurance. This has always been both a grossly inequitable and an inefficient allocation of the estimated \$8 billion it costs", said Tony McBride, Chair AHCRA. "For all Australians to be subsidising those who are (on average) the wealthier 47% of the population via the PHI Rebate never made sense. The subsidy promotes greater inequity of care (a two tier system) especially when those on lower-than-average incomes are sicker (on average) on almost all measures. It is inefficient given that the administrative costs of the PHI industry are much higher than those of Medicare. If people choose to take out PHI of course it is their right. But governments should not be pressuring them to do so or subsidising it.

The private health insurance industry receives more Federal Government subsidy than agriculture and mining combined according 2015 Budget papers. But the carrots & sticks approach to supporting the PHI sector has failed to take pressure off the public health care system over the last 15 years.

There are many other ways to effectively improve Australians' health with the \$8 billion that the inefficient PHI rebate is costing us every year, such as affordable, accessible and timely health care for all and stronger preventive and primary health care sectors" he added.

There are efficiencies that can be found to fund future growth before we resort to the unsustainable funding rhetoric and fear mongering about not being able to afford the healthcare the community needs. This means being smarter about what services we fund and who provides those services, not just cutting them. AHCRA has just published a position paper on this.<sup>1</sup>

In conclusion, AHCRA's long held principles have been to support an equitable, accessible health system that emphasises prevention and early intervention at the primary health care level and that is effective, efficient and sustainable. The Greens' policies tick many of these boxes.

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*\*AHCRA is a coalition of over 20 national and state organisations, including those representing the medical profession, nursing, allied health, rural and remote health, health services and consumer groups*

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<sup>1</sup> <http://www.healthreform.org.au/wp-content/uploads/2011/09/AHCRA-Position-Paper-Efficiency-FINAL.pdf>