



Australian Health Care Reform Alliance

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MEDIA RELEASE

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Is private health insurance making a fool of Australian consumers?

The Australian Healthcare Reform Alliance (AHCRA) today called for a national conversation on the future of private health insurance in Australia, after ten years of “above average” premium increases, ongoing erosion of benefits and rising consumer dissatisfaction.

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

“Around 13 million Australians will wake up today and find they are paying more for their health insurance, without getting any additional benefits in return. The average increase in premiums is 4.75% - more than three times general inflation – and many people will face increases significantly above average,” AHCRA Chair Jennifer Doggett said today.

“It’s clear that private health insurance has failed to keep health costs down and, with record numbers of consumer complaints against the industry, it’s also clear that taxpayers generally and many consumers are questioning its value.

“It’s no wonder that tax payers feel ripped off when they are struggling to afford their basic health care costs and they hear of health funds making record profits for shareholders and paying their chief executives salaries of up to \$6 million per year.

“Tax payers subsidise the private health insurance industry to the tune of around \$7 billion per year (more if tax exemptions are included). These subsidies could potentially be used elsewhere in the health system, for example, to improve access to mental health services in the community, to fund public dental programs and in the prevention and management of chronic disease.

“Private health insurance is not the only way to support access to private health care. In fact there is good evidence to suggest it is an inefficient funding mechanism compared with alternative strategies, such as direct subsidies to private health services.

“Rather than continuing to pour billions of dollars into the private health insurance industry, AHCRA believes we should consider whether this money could be used more effectively to put downward pressure on health care costs and address current areas of inequity. For example, the \$7 billion currently spent on insurance rebates could be re-directed to give every Australian family (including those currently without private health insurance) a direct subsidy of around \$1000 for their health care expenses, such as dental services, allied health and out-of-pocket payments for GP visits and medicines.

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“This and other options should be discussed in a national consultation on the future of private health insurance, led by consumers/tax payers and focussing in particular on people with chronic conditions, people with mental illnesses, Indigenous Australians, people living in rural and remote areas and people on low incomes. These groups have the greatest need for affordable health care and yet often miss out on the benefits that others obtain through private health insurance.

“Unequal access to health care is no joke – AHCRA calls on the Government to instigate a national consultation on the role of private health insurance and how to use existing subsidies to deliver maximum benefits to all Australians,” Ms Doggett said.

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

**AHCRA is a coalition of health groups, including consumer, provider and service delivery organisations, working together to improve the health system for Australia’s future.*