



Australian Health Care Reform Alliance

AHCRA Submission to the Private Health Insurance Consultation 2015

4 December 2015

The Australian Health Care Reform Alliance (AHCRA) welcomes the Review of Private Health Insurance (PHI) and this consultation process.

AHCRA is a longstanding alliance of significant national and state peak bodies* comprising health professionals, consumers and services. It aims to promote an equitable health system with a greater emphasis on prevention and primary health care.

AHCRA considers that most of the key points it wishes to make, in relation to the terms of reference of the Committee, have been made very clearly in the submission from the Public Health Association of Australia. AHCRA therefore strongly supports their submission and urges the Committee to consider it seriously. (It is attached for ease of reference.)

In particular, AHCRA emphasises the following points.

1. AHCRA is very concerned that some of the most important questions around government policy on private health insurance have been omitted and urges to the Minister and the Review to consider them. In AHCRA's views these are much more significant to the effective and efficient use of both government and taxpayer funds than questions about individual policies.
2. AHCRA believes that the Government or others should not perceive, or even advocate, that the network of private health care (it is not a system as such) is a superior system to the public system, and therefore to be preferred by Australians. Both public and private systems have their strengths but the Australian public system is a very high quality system in world terms, and offers universal care to all Australians, regardless of their income. The private system offers much good quality care, but it is much less accessible to many Australians, obviously for financial reasons but also importantly to those in rural and remote areas where private services often do not exist.
3. AHCRA sees no justification in policy terms, nor evidence from research of the value of penalising taxpayers who do not take out PHI (by a Medicare Levy Surcharge) or requiring PHI companies to charge higher premiums to people who commence PHI at older ages. Among other poor policy outcomes, this (in our view outrageous) requirement penalises those taxpayers showing greater self-reliance by choosing to self-insure. In no other industry does the Government coerce taxpayers into taking out insurance (except in a few cases where there is likely adverse impact on others, such as third party car insurance).

4. Further, on top of the above 'stick', AHCRA believes there is no justification for the 'carrot' of the PHI rebate. It believes that the evidence shows that the PHI rebate is a poor use of public money and one that is blatantly inequitable.
 - It subsidises those with PHI (the approximately 50% of the population who, on average, have higher incomes) but paid for by all, including those, on average, with lower incomes.
 - There is or example little evidence that subsidising people to take out PHI and therefore use more private health services has a net benefit to the public sector. In fact the public waiting lists have increased in recent years. The rebate would be much more effectively spent on funding the public system to address this. (Estimates indicate that if the rebate were to be spent on the public system, then even with an increased public patronage, the Government would still be \$3.5b better off.
 - Private health insurance is an inefficient vehicle through which to fund health care. Its costs are about 16% compared to the 5% of Medicare. The 10% difference is therefore money totally wasted.
5. The PHI companies, as funders of health care, have a poor record of controlling costs (in both real terms but also relative to the success of Medicare in this regard). However this has two key impacts on the public purse: cost increases in the private sector affect costs in the public system (e.g. in salaries required to attract and retain staff) and also because of the open-ended nature of the PHI Rebate.
6. AHCRA believes that a broader scope review of health funding is required. This should cover the entire system, to build a more equitable, effective and efficient system for the future that more strategically invests in and supports prevention, early intervention and primary health care and that uses direct funding of the private health system where there are broad advantages for all Australians, not just individuals with PHI, in doing so.

Contact

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Attachment

- Public Health Association of Australia Submission

*** AHCRA membership**

Allied Health Professions Australia
Audiology Australia
Australian College of Nurse Practitioners
Australian Council of Social Service
Australian Federation of AIDS Organisations
Australian Health Promotion Association
Australian Society of Physician Assistants
Australian Wound Management Association
Catholic Health Australia
Centre for Clinical Governance Research in Health
Chiropractors' Association of Australia
Chronic Illness Alliance
Continence Foundation of Australia
Doctors Reform Society
Family Planning Victoria
Health Care Consumers' Association (ACT)
Health Consumers of Rural and Remote Australia
Health Issues Centre
National Rural Health Alliance
Paramedics Australasia
Public Health Association of Australia
Public Hospitals, Health and Medicare Alliance of Queensland
Services for Australian Rural and Remote Allied Health