



Australian Health Care Reform Alliance

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What to do about private health insurance?

AHCRA strongly supports a [Productivity Commission review of private health insurance](#), as proposed by Shadow Health Minister Catherine King. We believe that this review also needs to include a systematic and comprehensive consumer consultation process



Private health insurance is a key funding mechanism for private health services and attracts taxpayer funded direct subsidies of around \$8 billion per year. Despite this, there has been no comprehensive review of PHI and the subsidies this industry receives.

Almost 20 years after the PHI rebate was introduced it is clear that it has not achieved the goals set for it, i.e. to ensure PHI was affordable to all Australians and to take the pressure off the public system.

It is also clear from the increased complaints about PHI received, that consumers are increasingly dissatisfied with the growing costs and diminishing benefits of PHI.

This demonstrates the need for a rigorous review of the current system to assess its performance against our health system goals of equity, efficiency and sustainability.

In addition to this, many [health economists](#) and [experts](#) have outlined some of the current problems with PHI, including the lack of control health funds can exert over prices and the high administrative costs (due partly to the large number of separate funds).

It's time that we had an independent and rigorous review of the PHI sector and the subsidies it receives with a view to improving the equity, efficiency and sustainability of our health system.

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