



Unit 17G
Level 1
2 King Street
Deakin ACT 2600
T (+61) 2 6202 1000
F (+61) 2 6202 1001
E admin@ahia.org.au
www.ahia.org.au

PRESIDENT
Mr Richard Bowden
CHIEF EXECUTIVE
Hon Dr Michael Armitage

MEDIA RELEASE

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Almost one million drop or downgrade PHI cover.

Up to one million Australians would be likely to drop or downgrade their Private Health Insurance under the Rudd Government's proposal to dismantle the 30% rebate.

AHIA Chief Executive Officer, Dr Michael Armitage said an analysis of Federal Budget figures, Industry data and research conducted by Roy Morgan Market Research and IPSOS Research revealed that 241,000 Australians would drop their hospital cover under the changes and 728,000 would downgrade their hospital cover.

“In addition the research found that 774,000 Australians were likely to drop their General Treatment Cover (ancillary cover).

“The Rudd Government's claim that the changes would only affect 25,000 Australians is invalid.

“Every Australian knows that you can't take \$1.9 billion from the pockets of people paying for their own health care by taking out private health insurance, and not have a major impact on private health insurance.

“This will affect every Australian, as every person who drops their private health cover will rely on the public health sector and every person who downgrades their hospital cover will rely on the public sector for those items excluded under downgraded policies.”

“The impact of one million people leaving or downgrading their cover will mean that the premiums of everyone else remaining in private cover will have to increase, so that premium increases will also have a significant impact on those people with incomes of less than \$75,000.

Dr Armitage said the AHIA has evidence that the effects of the diminished rebate and the increased Medicare Levy Surcharge “stick” did not impact positively on private health insurance until members reached high income brackets.

The Budget policy initiative doesn't add up, and as every Australian's health care will be negatively affected, we urge the Government to reassess.

Media contact: Jen Eddy 02 62021000