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MEDIA RELEASE

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HUNDREDS OF THOUSANDS TO JOIN PUBLIC HOSPITAL WAITING LISTS

Hundreds of thousands of Australians will now rely on public hospital waiting lists as a result of the Rudd Government's decision to lift the Medicare Levy Surcharge threshold, AHIA CEO, Hon. Dr Michael Armitage said today.

AHIA research conducted late last year found that about 2% of current members would drop Private Health Insurance (PHI) if the MLS threshold for singles was increased from \$50,000 to \$75,000. With more than ten million Australians currently holding some form of Private Health Insurance cover, about 200,000 extra people will now rely on the already overstretched Public Sector.

Treasurer Wayne Swan has told the media that he will increase the threshold even further, from \$50,000 to \$100,000 for singles and from \$100,000 to \$150,000 for couples, which would see even more Australians withdrawing from private hospital cover.

A loss of this magnitude (which can be predicted to add around 400,000 people to the numbers relying on the Public Hospitals) would reverse recent gains in PHI membership and start to tilt the fine balance achieved in the public/private mix of health care funding in Australia.

There will also be a potential increase in PHI premiums for those who remain privately insured.

There are ways in which this could have been avoided, which the Industry would have been happy to share with the Government, but the Government's philosophical bent got in the way of them delivering the best Policy outcome for all Australians.

The MLS was effectively introduced not as an extra tax, but as part of a package of incentives for people to take out private health insurance. With the other main elements of the Rebate and Lifetime Health Cover, this package was designed to restore and sustain the public/private mix in health care delivery that is generally agreed to be a critical feature of Australia's health system.

Those Australians forced to wait longer on Public Hospital queues and those Australians who will pay more for their Private Health Insurance must wonder why the Government has made such a blinkered decision, and they should question whether the Government really has their interests at heart.

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