



16 August 2011

MEDIA RELEASE

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Means-testing will Hurt Health Care

The growth in the Private Health Insurance sector should send a signal to Government that Private Health Insurance is popular in the electorate; that the system is working; and the Government should maintain the existing Rebate and other incentives to keep Australia's health system in balance.

The Government has made a number of wildly incorrect assumptions in framing their Policy Direction, such as failing to consider the impact of people downgrading their private health cover and not taking account of the flow on effects into the Public Hospitals of those people who drop and downgrade their cover, which means the Government paints an inaccurate picture of the policy's outcomes.

An Independent report by Deloitte on the impact of means-testing the 30% Rebate, based on ANOP/Newspoll research into consumer behaviour in early 2011 found that:

- up to 1.6 million Australian will drop their cover over five years (compared with Treasury's estimate of 25,000);
- up to 4.3 million Australians will downgrade their cover over five years;
- premiums will increase 10% above what they otherwise would have; and
- an extra 845,000 Australians will be admitted to public hospitals.

It is likely that Federal Members of Parliament will be asked to vote on the means-testing legislation in coming weeks and they should take advice from their constituents when weighing up this important decision.

The majority of electorates have a privately insured population of more than 50% of the voters, and the majority of these people are not rich, despite Government claims.

Of the 11.8 million privately insured Australians, Government figures show that 5.6 million have an annual household income less than \$50,000 and, of those, 3.4 million have an annual household income of less than \$35,000.

The Private Health Insurance Industry has maintained that means-testing the 30% Rebate would force people out of the private system and into the public sector; that it would increase pressure on the public hospital system; and force premiums to increase, disadvantaging lower income earners who remain in private health insurance.

This is an issue which affects every Australian requiring health care and on behalf of private insured Australians I urge Federal Members of Parliament to consider very seriously how this piece of flawed legislation will impact Australia's entire health system.

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