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## MEDIA RELEASE

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### **MEDICARE LEVY SURCHARGE CHANGES TO HIT PENSIONERS HARDEST: UP TO \$126 INCREASE IN PRIVATE HEALTH INSURANCE PREMIUMS**

The Senate is today considering the Rudd Government's proposed increases to the Medicare Levy Surcharge thresholds.

"If the Senate passes this legislation, the result will be a devastating increase in premiums for pensioners, for low income earners and especially for families," said the CEO of the Australian Health Insurance Association, (AHIA), Dr Michael Armitage.

"The proposed changes to the Medicare Levy Surcharge thresholds could increase premiums by up to 10%, which would make the Senate responsible for adding \$126 a year to the cost of an average hospital cover policy.

"Australia's elderly will be hit with the double whammy of increased premiums and being forced to wait longer for public hospital treatment as a result of around 719,000 Australians dropping their private cover (as estimated by Treasury and the Architect of Medicare, Professor Deeble).

"However, Professor Deeble isn't as sympathetic to the plight of pensioners and families, recently describing the premium increases which will occur as a result of this policy as 'trivial'.<sup>[i]</sup>

"Adding \$126 a year to the cost of an average private hospital cover policy is very significant given the current difficult economic circumstances.

"There is no question that this policy change will place pressure on those 2.3 million Australians who live in households with an income of less than \$48,000 and who *choose* to hold private health cover, particularly the 1 million Australians with private cover who live in households which earn less than \$26,000 per annum.

"On behalf of those 10.9 million Australians with private health insurance, the AHIA calls on the Senate to vote against the legislation to avoid a detrimental impact on premiums and on our public hospitals," said Dr Armitage.

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<sup>[i]</sup> Professor Deeble, appearing at the Canberra hearing of the Senate Economics Committee Inquiry into the Medicare Levy Surcharge on 12 August 2008.