



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

PRESIDENT
Mr Terry Smith MBE RFD ED
CHIEF EXECUTIVE
Hon Dr Michael Armitage

MEDIA RELEASE

15 May 2008

PHI Membership Could Take a SWAN Dive !!!

The number of Australians taking out Private Health Insurance has increased by almost 100,000 during the March 2008 quarter, but the Industry's peak body (AHIA) has warned that Government changes to the Medicare Levy Surcharge threshold will reverse recent gains, adding hundreds of thousands to the public hospital system.

Private Health Insurance Administration Council (PHIAC) figures released today show that the proportion of the population taking out Hospital Cover increased by +0.2% from 44.4% to 44.6% compared to the December 2007 quarter. The proportion of the population taking out General Treatment Cover also increased by +0.6% from 49% to 49.6%.

AHIA CEO, Hon Dr Michael Armitage said the total number of privately insured Australians increased by 96,575 (+0.9%) from 10,771,639 to 10,868,214, with increases in all States and Territories and all age cohorts.

Dr Armitage said the Government's MLS threshold changes could dramatically reverse this trend, add hundreds of thousands to the already overstretched public health sector and push premiums up for privately insured Australians.

"Following the release of the Government's Budget figures, we now anticipate that the impact of this decision will be much more severe than originally predicted.

"About one third of Australians who have private health insurance have household incomes of less than \$50,000. Their decision to take out PHI was not influenced by the MLS and the impact of premium increases on this group of privately insured Australians will add significant pressure to their household budgets.

It is a myth that only the wealthy have PHI. Latest ABS and PHIAC statistics show that:

- More than one million of the overall hospital insured population resided in households where gross annual income was less than \$26,001.
- 27% of the overall hospital insured population - 2.34 million people – resided in households where gross annual income was less than \$48,049.
- Almost half of the overall hospital insured population (3.9 million) resided in households where gross annual income was less than \$69,993. Almost four million people with hospital cover were in households that earned less than \$69,993.

"The AHIA is in discussions with the Federal Government and will share its data and research with Treasury experts, in an attempt to minimize the impact of this decision on the public health system and the private sector."

Media contact: Jen Eddy 02 62021000