



Australian Consumers Value Basic Cover

Australia's peak representative body for the private health insurance industry has cautioned interest groups against reigniting the campaign to abolish low priced health cover, as consumers on those policies would face a premium increase of at least 16%.

Private Healthcare Australia CEO, Dr Rachel David said the Government's decision to retain entry level policies as part of the PHI review was in the best interest of Australian consumers.

"The Government, in discussion with healthcare industry stakeholders, decided to retain lower priced products through the Gold/Silver/Bronze/Basic classification system and this reflects the fact that many Australians value the cover provided by these products," she said.

"Basic cover has been a feature of Australia's health care system since at least the 1960s and without it consumers choice of location and treatment options would be limited.

"Historically these products have been predominantly chosen by people in rural and regional Australia who have limited access to private hospitals, but need continuity of specialist care.

"They have also been used by people on lower incomes with chronic health conditions who are treated by specialists in a public hospital setting, for the same reason. There is a core group of mostly older people in this category who would be severely disadvantaged should they be forced to upgrade to more expensive products they don't need.

"Many people have made a conscious decision to take out basic cover and have had it for a number of years. It would be cruel and unnecessary to force them to pay a higher premium, an increase of at least 16% or more.

"People on higher incomes who take the basic option often upgrade to higher value products when their health status changes and they need to claim. They are also making a positive contribution to the risk equalisation pool, which in itself puts downward pressure on premiums.

"What is most important, is that consumers fully understand what they are purchasing and make a decision that best meets their financial and health needs. This is being further addressed through the PHI reforms and PHA member funds are working with the Government to improve product transparency, standardise clinical terminology to define exclusions and introduce measures to help consumers navigate the system in an unbiased way to select products that meet their needs, particularly as they get older," said Dr David.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 20 Australian health funds with a combined membership of 12.9 million Australians, or 96% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums affordable for our members is the number one priority of PHA members. PHA's CEO Dr Rachel David is available for interview.

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