



## Heath funds committed to reducing out-of-pocket costs

The Chief Executive of Private Healthcare Australia Dr Rachel David said health funds are committed to reducing out-of-pocket costs for consumers but increasing rebates to chase rising doctor's fees could cause premiums to skyrocket.

"Health funds are happy to cover the gap where possible however any increase in gap cover payments must be carefully assessed. For example, an increase in GapCover of just \$5 per service would put premiums up 1% under current circumstances. Household incomes have not risen since 2010 so families can't be expected to keep paying higher premiums. The issue of out-of-pocket medical costs has to be managed fairly to ensure our mixed health system remains sustainable.

"The private health insurance industry is keen to provide incentives for doctors who do the right thing by their patients. We have some of the best practitioners in the world, however in an environment of escalating health care costs, coupled with an aging population we need to come up with a fair and realistic solution.

"An analysis by a major health fund has found that if health funds increased their GapCover rates to match the Australian Medical Association fee, members would pay an extra \$4.5b per year which translates to a premium increase of over 20%. This is clearly not workable.

"Health care stakeholders understand that we need to reduce costs and waste in the system to put downward pressure on premiums. Health funds are committed to improving affordability for their members and we will work with government and other stakeholders during this next wave of reforms to achieve this goal.

"This year's premium increase of 3.25% was the lowest in 18 years and I am confident that with sensible stakeholder engagement and cooperation, the sector will continue to improve affordability for its members"

### About Private Healthcare Australia

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds with a combined membership of 13 million Australians, or 97% 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.*

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