

Media Release

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Private Healthcare Australia
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Health insurance will cost more in NSW than any other state under Minns' tax hike

Health insurance will become more expensive in NSW than any other state under the Minns Government's health tax, which will hit families with a new \$156 bill from next year.

Health funds are calling on the NSW Legislative Council to vote against the Minns Government's *Health Insurance Levies Amendment Bill 2024*, which will almost double a little-known tax on health insurance for people in NSW.

The massive tax hike was rushed through the Legislative Assembly in NSW Parliament on Tuesday with very little scrutiny. Debate about the tax is likely to continue in the Legislative Council today or on Thursday.

The legislation increases the tax from \$1.77 per week to \$3.27 per week per person to raise \$229 million each year to fix the NSW Government's budget deficit. This will cost individuals \$78 more for their health cover next year and families an extra \$156. NSW is the only state in Australia that taxes people contributing to their own healthcare via health insurance in this way.

The tax hike equates to a premium increase of 4.1% for people in NSW with health insurance. This is on top of increases required to account for growing costs faced by private health insurers including rising claims from an older, sicker population.

Modelling commissioned by Private Healthcare Australia, the peak body for health funds, shows the tax will prompt at least 75,000 people to drop their health cover in NSW next year, forcing more people to rely on overwhelmed public hospitals across NSW. This will increase pressure on emergency departments and blow out waiting lists for surgery by about 7%.

PHA CEO Dr Rachel David, said 4 million people with health insurance in NSW will get nothing in return for this tax, which will apply to every health insurer, not just the large funds.

"This tax will hurt every single person paying for health insurance in NSW during the worst cost-of-living crisis most of us have ever experienced, but it will hurt people on lower incomes the most," Dr David said.

"The tax will be applied at the same rate for everybody, regardless of income and level of health insurance. So, if you're paying for bronze health cover, you will pay the same tax as someone paying for gold cover."

Dr David said the tax will hit people in rural and regional areas of NSW particularly hard, and those living west of Sydney where many people have signed up for health cover in recent years. This includes areas like Blacktown-Parramatta and Penrith.

Sixty-five per cent of people with health insurance have a taxable income of \$90,000 or less and 38% have an income of \$50,000 or less.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds. 14.9 million Australians (55% of the population) have private health insurance.

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“This is an extremely unfair policy for NSW residents who are already paying their taxes for public hospitals and health insurance premiums for private healthcare in case they need it. Why should these people pay a third time for absolutely nothing in return?”

“It is a senseless policy that will hurt your hip pocket and our health system, and we urge Members of the NSW Legislative Council to protect the people of NSW from this reckless tax, and vote against this dangerous legislation.”

Key facts about the Minns Government’s health insurance levy

- If passed, this tax would apply to 4 million people in NSW as early as 1 January 2025.
- A 4.1% premium rise is well above the average 3.03% premium rise approved by the Commonwealth Government in April 2024 for all health fund members.
- About 46% of people in NSW have health cover for hospital treatment. If 75,000 people drop their health cover, it will cost Australian taxpayers at least \$49 million in 2025. This includes \$12 million from shifting demand from the private to the public system and \$37 million from higher payments for Private Health Insurance rebates.
- This tax will apply to every health insurer, not just the bigger health funds. This is not being applied to health funds that do not pay the NSW preferred rate for single rooms in public hospitals.
- The NSW Government will likely only see 73% of expected revenue after a year as the gains disappear due to behavioural adjustments as people drop out or downgrade their cover.

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