

# Media Release

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Private Healthcare Australia  
Better Cover. Better Access. Better Care.

## **Mookhey's health tax will hit 4 million people with a \$114 bill next year**

The NSW Government's plan to introduce legislation today for a new \$114 tax on 4 million people with health cover will cause a new level of financial distress across NSW, causing thousands to drop their health insurance in a cost-of-living crisis.

Modelling from Private Healthcare Australia (PHA), the peak body representing 98 percent of Australia's private health insurance sector, shows the NSW Government's health tax will drive up the cost of an average silver health insurance policy by \$114 per year. Nearly half of the NSW population (46%) has health insurance with hospital cover.

PHA CEO Dr Rachel David said the 4 million NSW residents contributing to their own healthcare via health insurance should not be forced to fix the NSW Government's budget deficits.

"Sixty-five per cent of people with private health insurance have a taxable income of \$90,000 or less. They cannot take another financial hit during a cost-of-living crisis. No other state in NSW taxes health insurance like this. This will make NSW the most expensive state in Australia to hold health cover."

NSW Treasurer Daniel Mookhey's plan to legislate the tax comes as new data published by the Australian Prudential Regulation Authority today shows more people are downgrading their health cover as cost-of-living pressures bite.

The APRA data also shows claims have surged 10% over the past year, with health insurance returning 88 cents to consumers for every premium dollar paid. This flies in the face of commentary from the NSW Government that health funds are sitting on 'pots of gold' in profits.

Dr David said: "Health insurers are not 'rivers of gold' that can be used to plug budget deficits and cover the NSW Government's financial mismanagement. Funds are not immune to the significant inflation pressures being widely experienced across the Australian economy."

PHA modelling shows the NSW health tax would prompt about 60,000 people to drop their health insurance because they cannot take another bill. This will put more pressure on the already strained NSW public health system which has the longest waiting lists in Australia.

"Private healthcare plays a crucial role in taking pressure off our public health system. Even the smallest increase to consumer costs will have dire, far-reaching consequences for the broader system. This will impact on waiting times for emergency department care and elective surgery for all NSW residents."

"We urge the NSW Government to put the residents of NSW first, rather than slugging them with a tax hike to fix their budget mess."

"This tax will backfire on the NSW Government. If thousands of people drop their health insurance, the Minns Government will not reach its revenue targets."

*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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PHA has launched an advertising campaign to educate consumers about the health tax. Visit PHA's "Stop the health tax" campaign [here](#).

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