

Media Release

30 September 2024



Private Healthcare Australia
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NSW Government must abandon health tax for 4 million people with health insurance

Press conference 11am AEST in Sydney

Dr Rachel David is available for interview at 11am at Tree of Knowledge Park behind the State Library (Old Building), Hospital Rd, Sydney. Contact: Miriam Phillips 0400 362 375.

The NSW Government must abandon its plan to tax 4 million people contributing to their own healthcare via health insurance in NSW. These people are taking pressure off the state's overwhelmed public hospital system which has the highest wait times for surgery in Australia.

CEO of Private Healthcare Australia Dr Rachel David said the NSW Government's secret plan to legislate a health tax could drive up the cost of an average silver health insurance policy by \$114 per year in 2025. Nearly half of the NSW population (46%) have health insurance.

"People with health insurance are not rich. Sixty-five per cent of people have a taxable income of \$90,000 or less. They cannot take another financial hit during a cost-of-living crisis," she said.

Modelling commissioned by PHA shows a tax of \$4 per week would cause at least 60,000 people to drop their health insurance, driving more people into the public hospital system where some people are already waiting years for treatment.

"We understand the NSW Government is under significant budget pressure, but imposing a tax on people working hard to contribute to their own healthcare is not the solution. In fact, it risks making the NSW budget deficit worse if it triggers an exodus into the stressed public system," Dr David said.

"This proposed tax will add to inflationary pressures across the health sector, and it will have a disastrous impact on health insurance premiums and household budgets."

Dr David said people with health insurance are taking pressure off our public system so it's there for the people who need it most.

"The private system currently performs two thirds of all elective surgery, along with 55% of hospital admissions for mental health and 76% of hospital admissions for rehabilitation. If more people need to have treatment in the public hospital system, it will blow out waiting times even more."

The Minns Government has been secretly exploring this tax since May. In its 2024-25 budget it disclosed a plan to raise revenue from people with health insurance when they stay in single rooms in public hospitals for treatment. It budgeted to raise \$490 million from this over four years.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds. 14.8 million Australians (55% of the population) have private health insurance.

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Health funds objected to this when the NSW Government demanded they pay nearly \$900 per night for a single room in a public hospital – double the Commonwealth regulated rate.

“Doubling the room rate is another blatant revenue raising tactic. All health funds are already paying the legal rate for private patients admitted to a public hospital,” Dr David said.

“This will create a massive incentive for public hospital staff to prioritise ‘private patients’ over public patients when there are plenty of private hospital beds sitting empty across the state.”

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