



## Press Release

16 February 2016

### **PHI Rebate Keeps Pressure off Public Hospitals**

The Private Health Insurance Rebate helps to keep premiums affordable, encourages Australians to take out private health cover and eases pressure on the public hospital system, Private Healthcare Australia Chief Executive, Dr Rachel David said today.

“Each year in its pre-budget submission, the Australian Council of Social Services calls for an end to the Private Health Insurance Rebate and each year ACOSS fails to acknowledge the crucial role the Rebate plays in both the private and public sectors of Australia’s health system,” Dr David said.

“More than 13 million Australians have private health insurance. Just because a benefit has the word ‘private’ in it does not mean low income earners don’t benefit, in the case of the PHI rebate, all Australian health consumers do.

“Approximately two-thirds of inpatient elective medical treatments in Australia are performed in the private sector. Without the PHI Rebate many of these procedures would have to be done in the public sector, which is already under significant pressure.

“For example, in one treatment area, knee replacements for osteoarthritis, in 2012-13, private health funds paid for more than 25,000 knee replacements, which is an increase of 41 per cent on the previous financial year. This alone relieves pressure on the public system.

“The Private Health Insurance Rebate helps to keep premiums affordable in an environment where unsustainable rises in input costs are driving premium increases.

“In financial year 2014-15 hospital costs rose by close to 8%, medical devices by 9%, and medical specialist costs by 7%, compared with health funds’ average premium rise of just over 6%,” said Dr David.

During 2014-15, private health funds paid a total of \$18 billion in benefits, including:

- \$13.32 billion in hospital treatment – up 7.6 % on the previous year
- \$4.55 billion in general treatment – up 6.3% on the previous year (\$2.36 billion in dental treatment)
- \$1.89 billion in payments for prostheses – up 8.9% on the previous year, and
- \$2.1 billion payments for medical specialists – up 7.1 % on the previous year.

“The costs of healthcare in Australia are increasing across the board as a result of our ageing population, growth in chronic disease, advances in medical technology and higher charges by healthcare providers.

“A healthy private sector is essential to Australia’s health system and the Private Health Insurance Rebate is a critical component, Dr David said.

Media contact: Jen Eddy 0439240755