



## **PHI Rebate keeps Australia's health system sustainable**

Private Healthcare Australia CEO Dr Rachel David said Labor's failure to guarantee the future of the Private Health Insurance Rebate (*Catherine King, Sky News 2 April 2018*) will cause great concern among low and middle income earners and older Australians who value their private health insurance.

"The means-tested PHI rebate is paid to individuals on low and middle incomes to help them access non-emergency surgery, mental health care and dental care among other medical procedures. It is not paid to health funds.

"About 50 per cent of people with private health insurance have an annual income of under \$50,000 a year. The majority of those are either full pensioners, part pensioners or superannuants on low incomes and these people will be hardest hit by further change.

"Low and middle income earners are already experiencing the impact of changes to the rebate which is now about 25.5%, not 30%. A range of Government budget settings over the past 8 years has seen the steady erosion of the rebate:

- means-testing the rebate introduced in the 2009-10 Budget;
- indexation to CPI, uncoupling the rebate from the cost of premiums, legislated in 2012;
- removal of the rebate from LHC loadings, announced in 2009-10 Budget; and
- freezing the income thresholds for rebate eligibility at 2014-15 levels through 2020-21.

"Health funds pay for close to two-thirds of all essential non-emergency surgery, 56% of mental health admissions and 40 million dental services per year. There is no 'Plan B' explaining how all these services will be funded should the system fail, and people who have paid their taxes and health fund premiums all their lives need reassurance the system will be there for them when they need it.

"The PHI Rebate allows a greater proportion of the population to access private health care, which benefits the wider community by reducing waiting times in public hospitals. A healthy private sector is essential to the sustainability of Australia's health system and the Private Health Insurance rebate is a key component of this."

Dr David said a recent media report about the removal of Benefit Limitation Periods (BLPs) was also causing unnecessary concern.

"This conspiracy-laden report is simply fake news and unfortunately achieves nothing other than causing worry for health fund members.

"When the Department of Health started to look into the legislation around BLPs as part of the PHI reform process, it found in 2007 it had made a minor mistake in the drafting of that legislation which needed to be fixed. But regardless of that, health funds are already engaged in a process to streamline products to make it easier for consumers to choose their health insurance. As part of this reform process it has been agreed BLPs will be phased out. No consumers have been negatively affected at all by this."

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 20 Australian health funds with a combined membership of 12.9 million Australians, or 96% 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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