



## Press Release

### **PHI: Value and Choice for Members.**

23<sup>th</sup> November 2015

Private Health Insurance provides value and choice for its members, keeps the pressure off the public hospital system and makes a major contribution to Australia's health system.

"The Private Health Insurance Rebate helps keep premiums affordable for consumers and is a crucial component in balancing Australia's public and private health systems," said Private Healthcare Australia spokesman, Steven Fanner.

"The Government's PHI Review provides an opportunity to improve the value of PHI by removing regulatory obstacles that add unnecessarily to premiums and by increasing the focus on quality and safety. For example, current legislation forces health funds to pay vastly inflated benefits for prostheses and fixing this would save hundreds of millions of dollars and have a tangible impact on the cost of premiums.

"The annual premium increase is necessary to ensure Funds can continue to provide members with access to quality medical treatment by covering the increasing costs of health care services, for example in the year ending September 2015 the annual increase in prostheses costs was 8.9% compared with the average annual premium increase of 6.18%," Mr Fanner said.

Private Health Funds spent more than \$18 billion in benefits on behalf of more than 13 million Australians in the past year. Funds pay for:

- 82.5% of mental health treatment;
- 80% of knee procedures;
- 72% of complex middle ear infections;
- 65% of cancer therapy (chemotherapy);
- 64% of joint replacement and limb reattachment;
- 57% of hip replacements;
- 55% of major procedures for malignant breast conditions.

"The private sector plays a key role in Australia's health system, with 58% of surgical procedures carried out in private hospitals. The Rebate keeps premiums affordable and if people don't have private health cover, these operations would have to be done in the public hospital system," Mr Fanner said.

"There is already increased pressure on the public hospital system as a result of the means-testing of the PHI Rebate. Since February 2012, more than 3 million privately insured Australians have either downgraded or dropped their private health cover.

"This review provides an opportunity for sensible discussion over the future of Australia's healthcare system and it shouldn't include those set on tearing down the private sector".

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