



PREMIUM AFFORDABILITY SHOULD BE A PRIORITY FOR INCOMING GOVERNMENT

The next Australian Government should commit to working with health funds to improve the sustainability and affordability of the private health sector and should take immediate steps to reduce pressure on premiums.

Private Healthcare Australia's Chief Executive Officer, Dr Rachel David, said policies such as freezing the indexation of the PHI Rebate until 2026, announced today by the ALP, would have a major impact on affordability of PHI and a negative affect across the broader healthcare sector.

"Premium affordability is major issue for health fund members. Almost half of all Australians with PHI have an annual income of less than \$50,000. They are not wealthy. They are hard-working Australians who value their private health cover and their right to choose when and where they have medical care, said Dr David.

"Private health insurance is under unsustainable cost pressure. Health funds' biggest issue is input costs are not within their control. Health costs are rising 8-9% each year, compared to an average 6% increase in premiums and household incomes (CPI) of 1.8%.

"If Labor is committed to this policy, they should also commit to immediately reforming outdated Federal Government regulations around medical device pricing if elected to Government. They should stop the gouging of private health prostheses patients by stopping foreign companies from charging Australian health fund members the highest prices in the world for medical devices, at up to 5 times the price charged for the same device in the same hospitals to public patients. The first step is a new Prostheses List Advisory Committee and the introduction of price disclosure and reference pricing.

"It is unclear from Labor's announcement today whether it intends to continue the concurrent freeze on the income threshold for the Medicare Levy Surcharge. Without maintaining the alignment of these two measures, there is a serious risk that people will drop their health cover completely if they lose their rebate due to bracket creep. A major health research survey recently found that if health insurance membership drops to pre-2000 levels, Australian taxpayers would need to fund at least an extra 8% public hospital beds.

"This is a crucial step in safeguarding the future of the private healthcare sector. More than 13 million Australians rely on private health cover to ensure they receive the best available health care where and when they need it. Private Health Insurance relieves pressure on the public hospital system, benefitting all Australians.

"With approximately two-thirds of elective surgeries being performed in the private healthcare sector, the sector is a critical pillar of Australia's health system. 83% of separations in private hospitals are funded by Private Health Insurance."

Dr David said Labor's decision to scrap the rebate on natural therapies was understood by industry.

"General Treatment policies offer members a large of range options and people can select policies which best suit their individual circumstances," said Dr David.

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