



Press Release

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Public and Private Health Hurt by Rebate Cuts.

Private Healthcare Australia warns that an uncertain period lies ahead for Australia's health system.

The passage of the means-testing legislation through the Lower House signals a shift in the balance of Australian healthcare.

The consequence of the Gillard Government's decision to means-test the 30% Rebate is that Australians needing healthcare will be torn between increasing costs and longer waiting lists.

Private Healthcare Australia has consistently cautioned that means-testing the 30% Rebate will force people out of the private healthcare sector and into the public system, and it will force premiums up for those who remain in private cover.

The Government's arguments are flawed. The Minister says means-testing is about fairness, but as people drop or downgrade their hospital cover, premiums will have to increase for those who remain in private cover.

More than half of the Australian population has some form of private health cover and they don't think they're rich. For many of them, the Rebate is the only form of Government assistance they receive.

Government figures show that 5.6 million privately insured Australians live in households with an annual household income less than \$50,000 and, of those, 3.4 million have an annual household income of less than \$35,000.

The Government has made many incorrect assumptions during this debate, like failing to consider the impact of people downgrading their private health cover, and not taking into account the flow on effects into the public hospital system of those people who drop and downgrade their cover.

The Independent Deloitte Report remains the most accurate assessment of the impact of this legislation:

- 1.6 million Australians will withdraw from their private hospital cover over 5 years and 4.3 million will downgrade to lower levels of cover;
- 2.8 million people will withdraw from their general treatment cover over 5 years and 5.7 million will downgrade their cover;
- premiums will rise 10 per cent above what would otherwise be expected;
- the costs of treating consumers in the public hospital system are expected to rise substantially above what is currently anticipated by Government (Deloitte estimates that additional operating costs over five years will be \$3.8 billion); and
- the Report concludes that another 845,000 admissions to public hospitals will be required over the next five years.

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