



## RACGP CASH GRAB LOSES CREDIBILITY DUE TO WRONG FIGURES AND DODGY ACCOUNTING.

The claim by Royal Australian College of General Practitioners (RACGP) President Dr Bastian Seidel, that the rebate on private health insurance premiums for low and middle income earners is 'generously indexed way above the Consumer Price Index (CPI)', is completely wrong, and reflects a worrying level of ignorance about the Federal Health Budget.

The RACGP further claims the rebate will increase by up to 5% each year to 2019, which is the opposite of what is actually happening. The rebate is indexed to CPI and with health inflation stuck at 6-8%; its value is *diminishing* not increasing over time. What was originally introduced as a 30% rebate for everyone will be approximately 16% for some, and 0% for the rest within 10 years.

Furthermore the suggestion the Federal Government spends 'over \$6.1 billion' per annum on the rebate is similarly flawed, as this makes the 'rookie' error of confusing gross and net expenditure.

In 2013-14 the AIHW published the topline annual spend on the rebate as \$5.5 billion. This is however, a gross figure. Because of thresholds being frozen and bracket creep, some claim the rebate in their tax return and many more pay money back. The net figure published by the Australian Tax Office for that year was \$3.7 billion.

"It is deeply concerning to see private health insurance characterised as a sort of '*El Dorado*' of available cash for any provider who wants to claim it for any purpose, in the absence of any sound financial analysis," PHA CEO Dr Rachel David said.

"The RACGP has a remit to provide education, training and professional development to GPs. If it wishes to move into policy, a crash course in financial literacy and economic management would be urgently advised.

"Health funds are currently funding close to two-thirds of non-emergency surgery, 80% of inpatient mental health care, and pay for more preventive dental care than the Federal Government. People with private health insurance greatly value the ability to access these services at a time of their choosing, but are understandably concerned about affordability.

"Half of the 13.5 million Australians with PHI have a disposable income of \$50,000 per year or less. Removing the rebate from health fund members, many of who have made a considerable contribution over years in private health would be a serious blow, and would significantly increase the burden on public hospitals.

"In addition, health funds are making a significant investment in improving the management of chronic conditions in the community. For example, CarePoint, operating in Victoria and WA, is an integrated healthcare pilot supporting both public and private patients battling chronic disease and complex health issues. Supported by Medibank and HBF, GPs and other health professionals are critical to this care model, which helps patients navigate available healthcare and social services.

"CarePoint and similar initiatives undertaken by health funds are a clear indication of the commitment the sector has to primary care and general practice. There is great potential to improve patient care if we work together to pool our resources, rather than robbing Peter to pay Paul," Dr David said.