



Press Release

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Maintaining balance in Australia's world class mixed private/ public health system is critical for a successful response to COVID-19

Private Healthcare Australia CEO, Dr Rachel David said the need to maintain the balance of our private/public health system has never been more important as pressure mounts on our public hospital system as a result of COVID-19. "Tonight's Budget includes important steps towards addressing the value of private health insurance, and the industry will continue to work with the government to address the changes necessary to ensure the affordability of private health especially for young Australians," she said.

"I am pleased that the government has invested in work to look at some of the technical regulatory issues that increase the cost of private health insurance for younger Australians, as younger Australians will be wanting the peace of mind that comes with PHI when the full effects of COVID-19 on the public health systems become apparent."

Dr David welcomed initiatives to improve options for out of hospital care. "The government's commitment to changing regulations around what health funds can pay for outside the hospital is exactly the sort of policy reform Australia's health sector needs. This was evident during COVID-19."

"Also a much greater investment in consumer information is vital and it is pleasing to see the government's fee transparency website get a large boost – the more consumers are able to control their own care, the better that care will be. Repeated studies have shown if consumers are fully aware of any out-of-pocket expenses prior to treatment, they are much more satisfied with their experience.

"However further government intervention will be required to reign in escalating health industry costs which are putting premiums out of reach for many Australians. Health inflation will continue unabated unless some of the restrictive and anticompetitive rules affecting private health insurance are addressed. These are factors not within the control of health funds, and require Federal Government intervention.

"We need strong action to improve the value of medical devices to the consumer, for example holding multinational medical device companies to account for charging Australians inflated prices for prostheses, and for promoting the overuse of prostheses. A common heart stent costs five times more in Australia than NZ.

"It was recently revealed that health fund members are paying more than \$1000 for a stainless steel bolt used in a leg brace "when a competitor product costs \$45 and a similar bolt costs \$2.64 at Bunnings. The bolt can almost quadruple the procedure's cost from \$15,000 to \$57,000." (*Daily Telegraph 2 Oct 2020*)

"There is broad recognition across the private health sector that this rorting by multinationals has to stop. Any savings resulting from medical device reforms will be redirected from 'Wall Street' and reinvested into Australia's private health sector.

"Affordability is an issue right across the health system, but with estimated wait times in the public system likely to exceed 1.5 years for common elective procedures, the value of private health insurance has never been greater. Health funds are committed to looking after their members so if you are under financial stress as a result of COVID-19, contact your health fund to discuss your options."

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