



Press Release

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We already know what the issues are with private health and how to fix them – let's get on with it

Private Healthcare Australia's Chief Executive, Dr Rachel David says there have been multiple inquiries into the root causes of the issues with private health that have all reached the same conclusions. It's now time to get on and fix the problems to give consumers relief from rising premiums.

"We already know the Australian health system private and public, is struggling to fund an ageing population requiring record levels of medical interventions. The only solution is to forensically address waste in the system, and provide subsidies for care where it is economically efficient to do so," said Dr David.

"It's time to stop talking about the problems and start working on solutions. It is time to repeat the successful collaborative effort demonstrated through the Government's PHI reforms package. Government and the healthcare sector must work together to ensure the healthcare needs of our aging baby boomer population can be funded.

"It's unfortunate that some groups who had a voice in the successful PHI reform process - which this year resulted in the lowest premium increase (3.25%) in almost two decades - are now choosing to align themselves with the anti-private health movement and calling for yet more inquiries.

"Governments and health care stakeholders know what the issues are and what needs to be done. We have already made significant progress down that path with the PHI reforms, and are working with the Government to ensure our health system continues to deliver high quality, accessible and affordable care for all Australians. It's time the naysayers got on board.

"The Grattan Institute's "The history and purposes of private health insurance" is light on solutions and repeats age old questions about how to fund Australia's health care system. We know that rising healthcare costs is not an issue isolated to the private sector. The public and private sectors are facing the same cost pressures and as funders both the Government and health funds want to work with the entire health industry to bring healthcare costs down, to put downward pressure on premiums and make cover more affordable.

There is only one way to bring down costs and that is by addressing waste in the system, for example:

- Currently, government regulations require funds to pay inflated prices for medical devices. By repricing medical devices to be in line with International pricing and introducing a National Procurement System for prostheses, it will save Australians approximately \$500 million a year. (For example, one of the most commonly used implants – cardiac stents, are five times the price in Australia as they are in New Zealand)
- Removing red tape to allow insurers to fund more care out of hospital. In-hospital treatment doesn't have to be the default method of care as some patients prefer to be treated at home if suitable, (for example post-operative rehabilitation and chemo in the home).

"Financial incentives for PHI participation will continue to reduce the public share of healthcare costs and these incentives must be sustained. PHA economic research has clearly demonstrated that once means testing was introduced, the PHI rebate is a highly efficient way of funding non-emergency surgery, in-hospital mental health care and dental care. For every dollar spent by the Commonwealth on the PHI rebate, it would cost \$3.87 to purchase the same services from the State-run public hospital system. On this basis, the government has committed to restoring the PHI rebate for low and middle-income earners when the budget permits.

"Maintaining the balance between our private and public systems is vital. Without further reforms to address rising healthcare costs, people will be forced into the public system. This will result in longer hospital waiting times, and a shortage of beds for the people who need them most," said Dr David.

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