

Media Release

28 June 2021



Private Healthcare Australia
Better Cover. Better Access. Better Care.

Australia's health system must urgently adapt to the increasing needs of an ageing population

"Today's Intergenerational Report (IGR) again shows that business as usual in health won't be sustainable into the future," said Private Healthcare Australia CEO Dr Rachel David.

"According to the IGR, spending on health, per person, is projected to more than double in the next 40 years. Australia's population will grow older and life expectancy will continue to increase, putting increased pressure on our health system.

"As our population ages, there will be more pressure on our health system to deliver more medical services, putting an unprecedented burden on the Government's budget and the working population. Health care costs will account for 26% of total Commonwealth expenditure by 2061.

"Supporting private health is the most effective way for the Government to provide health care, as it is the most efficient way to fund essential non-emergency surgery, inpatient mental health and other services in high demand. Increased life expectancy is a gift. A sustainable health system will enable people to enjoy their extra years and contribute to productivity.

"We need to act quickly to restore balance in our health system, encourage growth in private health insurance membership, not just to save taxpayers' money, but to foster innovation and encourage wellness. Fast tracking PHI reforms and deregulation is key to making this happen.

To prevent significant funding shortfalls, we need to:

- Urgently take steps to remove known wasteful costs from the system – those costs which do not impact patient care. Regulated inflated prices for commonly used medical devices are a key example.
- Fast track the Federal Government's Prostheses List reforms – changing the current medical device pricing regime in Australia will reduce premiums for consumers and keep our world-class health system sustainable while ensuring doctors can use the best devices for their patients with no out of pocket costs.
- Restore the PHI rebate to 30% for low- and middle-income Australians – this the most efficient way to fund essential non-emergency surgery and enables people to contribute to the cost of surgery, but still have access to affordable care. The rebate has been eroded to less than 25% for low- and middle-income earners.
- Review the regulatory settings for PHI - remove red tape and review Lifetime Health Cover and Medicare Levy Surcharge settings.
- Introduce measures to encourage young Australians to take up private health cover – the youth discount and dependents policy, while positive measures, will not be sufficient to overcome the demographic challenge Australia is facing.
- Direct funding to new models of care - in home or out of hospital care has proven to be cost effective and well received by the community during the COVID-19 pandemic.

Dr David said these measures would go a long way towards ensuring the sustainability of Australia's health system and help guarantee the affordability of top (Gold) hospital cover for the millions of Australians who rely on PHI for access to health services, quality of life and peace of mind.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 23 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership.

Media contact:
Jen Eddy
M 0439 240 755

Private Healthcare Australia
Suite 7, Level 36
1 Farrer Place
SYDNEY NSW 2000

T: (+61) 2 6202 1000
E: admin@pha.org.au
www.privatehealthcareaustralia.org.au
Twitter: @PHA_Healthcare