



WHOLE HEALTHCARE SECTOR NEEDS TO HEED APRA'S WAKE-UP CALL

APRA's analysis of the private health insurance industry highlights many of the issues the Government and industry is already working to address.

Private Health Australia Chief Executive Dr Rachel David said comments by APRA's Geoff Summerhayes were timely and should provide a wake-up call to all stakeholders in the health sector.

"The challenges being faced by the private health insurance industry are whole of health sector challenges and stakeholders including multinational medical device companies, hospitals, and medical specialists all need to get on board and work together to deliver better value for consumers", Dr David said.

While welcoming debate on the future of Australia's health sector, Dr David rejected calls for yet another inquiry into the PHI industry. "The problems in the sector are well-documented, there is no need for another major review, now is the time for action and proactivity on the part of the funds and health industry stakeholders," she said.

"We already know what the issues are and how to fix them. We 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. We also need to adjust policy levers to incentivise younger people to take out PHI and we have given the government a number of options to consider including restoring the 30% PHI rebate for those under 40 years of age.

Key reforms that will go a long way to improving affordability and quality of care include:

- Holding multinational medical device companies to account by bringing down the cost of inflated medical devices
- Cutting red tape to allow funds to cover some treatments outside the hospital, particularly in mental health care. This was also recommended by the Productivity Commission's Draft Report into Mental Health^[2]; and
- Reinstating the rebate to 30% for low- and middle-income earners.

"Private health is not a magic pudding. Providers will need to understand why tough decisions must be made. We need to change the culture of 'if you can claim for it, go for it' and replace it with one of collaborative co-investment in care that we know to be cost-effective. After these reforms are implemented, if any health fund, large or small is in an unsustainable position, we agree that the interests of health fund members must come first and be protected.

This is an important wake-up call from APRA. The Government, PHI industry and entire health sector must act cooperatively to address these issues because without PHI, Medicare is also unsustainable. Australia's world-class health system is built on the foundations of a public/private model," Dr David said.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 24 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums.

Media contact: Jen Eddy 0439240755