

Transcript

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Compere: MICHAEL SMITH Summary ID: S00045039113

Item: MICHAEL ARMITAGE OF THE AUSTRALIAN HEALTH INSURANCE ASSOCIATION TALKS ABOUT THE FEDERAL GOVERNMENT'S PLANS TO REMOVE THE PRIVATE HEALTH REBATE.

INTERVIEWEES: MICHAEL ARMITAGE, AUSTRALIAN HEALTH INSURANCE ASSOCIATION

Audience:	Male 16+	Female 16+	All people
	17000	17000	37000

MICHAEL SMITH: Michael Armitage is the CEO of the Australian Health Insurance Association.

Doctor, g'day.

MICHAEL ARMITAGE: Hi.

MICHAEL SMITH: I spoke earlier about the proposal from the federal government to remove the health insurance - the private health insurance rebate. And I ran through some calculations - about 10 million of us have private health insurance in Australia.

MICHAEL ARMITAGE: Yeah, it's about 11, but yes, that's quite right.

MICHAEL SMITH: Right-oh. And if the government removes this rebate, about 2.4 million Australians are going to be hit with massive increases in their monthly fees for private health insurance.



MICHAEL ARMITAGE: That is a figure which the minister has acknowledged after a lot of questioning in various media interviews over several days - 2.45 million Australians will be affected by this legislation.

MICHAEL SMITH: And if you earn over \$124,000 it means that your health insurance premium will go up by 43 per cent, is that right?

MICHAEL ARMITAGE: That's right, and then even worse...

MICHAEL SMITH: Yeah.

MICHAEL ARMITAGE: ...that is just the affect of the legislation, but then each year, as everybody knows, health insurance premiums go up by five or six per cent to cover the increased cost. So, in fact, the funds would be applying for an additional five or six per cent on top of that, just to cover the cost.

MICHAEL SMITH: Right.

MICHAEL ARMITAGE: So people will be up for potentially 48 per cent more for their private health insurance.

MICHAEL SMITH: And you support that contention by saying logically people are going to drop out of private health insurance if this government gets its way.

MICHAEL ARMITAGE: There is....



MICHAEL SMITH: Therefore, for those who remain in it, the fees will go up.

MICHAEL ARMITAGE: That's exactly right. And it's not just - we're just saying that, we actually paid an independent person to go and poll a statistically significant number of Australians in February and March of this year...

MICHAEL SMITH: Yeah.

MICHAEL ARMITAGE: ...and the figures are dramatic. And not only will 1.6 million people drop their cover over the next five years, compared with Treasury's estimate of 25,000 this year - so there's a vast difference - not only will that number drop, the study said quite convincingly that 4.3 million people will downgrade their cover. Now what that means is they take a cover which might exclude cardiac care or - well classically you'd see a young health person might say well I don't need a knee replacement, I haven't got arthritis, so I'll leave off orthopaedic cover. But then they go and play touch football, or go skiing, or something and they find they need an anterior cruciate repair. They're not covered for private cover, so they go onto the public hospital waiting list.

MICHAEL SMITH: So all of the window dressing that we hear so much about, you know, that we fix the hospital system, it's all sorted and stuff like that, will just tip, by your calculation 1.6 million people who, if they



need to go to a hospital, will have to go to a public hospital?

MICHAEL ARMITAGE: That is exactly right. And what the study showed, independently of us - so I emphasise these are not our figures, because people may say we are biased - independently...

MICHAEL SMITH: Sorry - sorry doctor, would you just set out your credentials just so people know who they're listening to?

MICHAEL ARMITAGE: Oh sure, I'm sorry. Yes, I'm the CEO of the Australian Health Insurance Association - and so people may say we're making a biased case, so I'm pointing out that the survey results that I'm quoting were done independently - in fact, they were done by the company that is doing the modelling behind the government's climate work. So I mean the government thinks enough of this company to employ them to do that work. So they say over the next five years if this legislation were to go through, there will be an additional 845,000 Australians who will need to be admitted to public hospital.

MICHAEL SMITH: So...

MICHAEL ARMITAGE: Now all your - all your listeners know that public hospitals are at crisis point anyway. There's absolutely no way that they can take an extra 845,000 Australians.



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MICHAEL SMITH: Now this is so important today. As I understand it, Rob Oakeshott is meeting down in Canberra with Julia Gillard today and she's seeking his endorsement, or his vote, that he's going to vote for it in the House of Reps.

MICHAEL ARMITAGE: Well, look, I'm not sure of Mr Oakeshott's diary, but it wouldn't surprise me at all if the minister were to be meeting with him.

Certainly, we understand the legislation - the government is keen to put the legislation into the parliament. We would say that it's a really bad move, because clearly private health insurance is popular and the system's working.

Most people who come to Australia from around the world with a health background say to me things like aren't you lucky having this fabulous balanced public and private sector? And what this legislation will do is it will put an arrow through its heart. It really seems to me as if it's ill-advised and, in fact, the government is not taking account of the fact that people will downgrade their private health insurance which is, I think, ridiculous, because that's what people will do. And it also doesn't look at any of the flow-on affects into the public hospitals. And, in fact, the rationale that the government gave that people wouldn't downgrade is - or wouldn't drop their cover, was that they would be forced back into it by a technical tax known as the Medicare Levy Surcharge. Now that doesn't apply if you downgrade your cover.



MEDIA MONITORS

MICHAEL SMITH: Doctor, could I just make...

MICHAEL ARMITAGE: So their argument's shot.

MICHAEL SMITH: ...one more point and you can...

MICHAEL ARMITAGE: Sure.

MICHAEL SMITH: ...correct me if I've got my arithmetic incorrect here.

MICHAEL ARMITAGE: Sure.

MICHAEL SMITH: This is not about shifting money within the health system. This is about withdrawing money from the national health system. The government is aiming to save 600 - sorry, \$768 million this financial year by getting rid of this rebate, so that is money that will no longer be available in the health system - just ripped out, so that they can meet their broader budgetary imperatives.

MICHAEL ARMITAGE: That is exactly right. And...

MICHAEL SMITH: That is a blo*dy disgrace. That is a disgrace. It's billions of dollars through the forward estimates, out of health, at the same time as they're trying to convince us that they're doing this wonderful job on health.

MICHAEL ARMITAGE: Look, I think the key thing - and thank you for allowing me to raise this really important matter -



the government is saying this is a budget saving, but as I said before, they have not taken into account any of the flow-on affects into the public hospital in years - in future years.

The independent report said that even if nothing else is done, and the government allows waiting lists to blow out from an average of 60 days to 250 - and I don't think they'd do that - but even if they did allow that to happen, this turns budget negative in year five. So it's all very well for the government to say we're going to save all these billions of dollars. The independent report says no you're not. It's going to be costing you money within five years. Now I actually think what will happen is if it were to pass - and I would hope that your listeners would actually call their local member of parliament if they don't pass this legislation.

MICHAEL SMITH: Me too.

MICHAEL ARMITAGE: But if it were to pass, what will happen is waiting lists will start to blow out dramatically and the governments around Australia will then start to put more money into waiting lists, which means this becomes budget negative in perhaps year two or year three. So far from saving money, it starts to cost money.

MICHAEL SMITH: Doctor, thank you very much for coming on the radio today, it's lovely to talk with you.



MICHAEL ARMITAGE: Great pleasure, thanks very much for having me.

MICHAEL SMITH: Dr Michael Armitage is his name. He's the CEO of the Australian Health Insurance Association.

Look, I know this is weighty and, you know, a lot of numbers and facts and figures and stuff like that, but by God it's important. If you want to be able to take your children to a hospital and have them seen, it's critical this government doesn't make this move in my opinion. But what about you? What do you reckon? 131332.

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ABs = Managers, administrators, professions. GBs = Grocery buyers.
