

FOUR STEPS TO
ACCESSIBLE &
AFFORDABLE
HEALTH
INSURANCE



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

More information at www.privatehealthcareaustralia.org.au

PRIVATE HEALTHCARE AUSTRALIA – ELECTION PLATFORM

ACCESSIBLE AND AFFORDABLE HEALTH INSURANCE IS VITAL

- **13 million+** Australians rely on some kind of private health insurance for peace of mind
- Close to **two thirds** of elective surgery in Australia is funded through private health insurance, taking a significant burden off the public system
- Most people (84%) with private health insurance **believe it is value for money**, but are worried about hanging on to it in the long-term because of rising costs
- Nearly half of all Australians with PHI have an annual income of less than \$50,000 and **cannot afford ongoing cost increases**

A sustainable and affordable private sector is essential to Australia's health system and the Private Health Insurance Rebate is a critical component.

The Private Health Insurance (PHI) Rebate helps to keep premiums affordable, encourages Australians to take out private health cover and eases pressure on the public hospital system.

Ensuring the affordability of private health insurance and keeping premiums low for our members is the number one priority of PHA members.

PHA is committed to working with the Federal Government and industry stakeholders to ensure a sustainable and affordable health insurance system for the benefit of all Australians.

FOUR STEPS TO ACCESSIBLE & AFFORDABLE HEALTH INSURANCE



STOP THE WASTE

ENCOURAGE COMPETITIVE CONTRACTING

STOP THE COST SHIFTING

REFORM PROSTHESES TO ENSURE EQUAL TREATMENT OF PATIENTS



1. REFORM PROSTHESES TO ENSURE EQUAL TREATMENT OF PATIENTS

The Government can act immediately to stop the gouging of private health patients needing medical devices listed on the Commonwealth Prostheses List. Current regulations force health funds to pay benefits for medical devices 2-5 times higher than the price charged for the same device to public patients, and in equivalent countries around the world.

PHA has committed to pass on, through lower premiums, every dollar that is saved through reform in the area of prostheses pricing reform.

The first step is a new Prostheses List Advisory Committee and the introduction of price disclosure and reference pricing. This must be followed with immediate action to deflate medical device benefits, in line with real market prices.

Hip replacement device (Zimmer Trilogy cup uncemented) is purchased by WA Health for use in Western Australian public hospitals at a unit price of \$1,939, while health funds are forced to pay the Prostheses List price of \$2,900 – a difference of almost 50%.

2. STOP COST-SHIFTING

Regulations permitting State Government cost shifting, that is charging private patients twice when they use the Medicare system, need to be tightened up. This shifts well over \$1bn of costs every year directly on to premiums, and also increases costs of the Medicare Benefits Schedule. There will always be some private patients needing treatment in a public hospital, however the practice of chasing patients to use their health insurance is not always in the best interests of the consumer or the health system.

Australia has one of the best universal care health systems in the world, to which we all contribute through everyday taxes and the Medicare levy. That contribution entitles all Australians – whether they are private health fund members or not – to use the public hospital system when they need to.

Increasing pressure for these patients to instead use their private health insurance when using a public hospital without properly understanding the process, sometimes results in them being charged out of pocket expenses when using the system for which they have already paid.

PHA figures show that in 2014-15, 63% of privately insured patients treated in public hospitals had to pay out-of-pocket expenses.



3. ENCOURAGE COMPETITIVE CONTRACTING IN PRIVATE HOSPITALS

Allow health fund members the best deal by removing the artificial floor for hospital contract negotiations.

Health funds are currently forced to pay uncontracted hospitals a fee-for-service, which is 85% of the average paid for contracted hospitals, known as the default rate.

Unlike contracted hospitals, non-contracted hospitals are not restricted in charging additional out-of-pocket expenses to consumers, and can charge rates that go above the benefit they would have received if a contract were in place.

This regulation was originally intended to help out small rural and regional hospitals, not the big corporate players now dominating the hospital market

A review of this default rate is necessary to ensure that health funds are able to negotiate the best deal for their members.

4. STOP THE WASTE

Implement the findings of the Medicare Benefits Schedule (MBS) Review to prevent outdated and wasteful clinical care.

PHA and health funds are committed to ensuring members are able to access quality clinical care when and where they need it. However, increasing pressure is being placed on the system by having to fund what may no longer be appropriate or necessary and potentially diverting resources from areas of need.

In fact, a recent study found over 150 non pharmaceutical, MBS-listed health care services that were flagged as potentially unsafe, ineffective or otherwise inappropriately applied.

PHA supports the efforts of the current clinician-led taskforce to ensure the MBS is based on contemporary clinical evidence and practice and improve health outcomes for patients.



HEALTH FUNDS ARE WILLING TO DO THEIR PART ... AND PASS ON SAVINGS TO CONSUMERS

The Private Health Insurance industry is committed to:

DELIVERING LOWER PREMIUMS BY PASSING ON SAVINGS

from Prostheses List, and other regulatory reform to members. Health funds are willing to do their part to ensure the sustainability of the industry and funds will continue to introduce efficiencies to keep their internal costs down.

IMPROVING THE TRANSPARENCY OF THE INDUSTRY

by facilitating an industry-led solution to make it easier for Australians to choose their health insurance, through using common terminology, clear information and engagement with our members.

The industry is committed to a process to help consumers more easily navigate the system and to identify how aspects of health fund products, or the descriptions of products, can be standardised for the benefit of consumers.

The industry is currently investigating options to improve transparency and comparability across the industry, including the Industry Code of Conduct as the preferred mechanism for implementation.

About Private Healthcare Australia

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body that represents 19 health funds throughout Australia and collectively covers approximately 96% of the private health insurance industry.

Private Healthcare Australia member funds today provide healthcare benefits for over 13 million Australians.

Private Healthcare Australia

Unit 17G, Level 1
2 King Street
DEAKIN ACT 2600

Phone: (02) 6202 1000

Mon-Fri: 9am – 5pm (AEDT)

Email: admin@pha.org.au



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