

Government must heed regulator call for health insurance probe

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The Federal Government must heed the call of its health insurance regulator and establish an independent review into private health insurance, the Consumers Health Forum says.

Australian Prudential Regulatory Authority board member Geoff Summerhayes has made the call this week in a penetrating address on the decline of private health insurance.

“When not even substantial taxpayer subsidies and the Medicare levy surcharge can convince a growing number of policyholders that private health insurance represents value-for-money, it’s time for a rethink,” Mr Summerhayes told an industry forum.

In response, the CEO of the Consumers Health Forum, Leanne Wells, said she welcomed the forthright comments from Mr Summerhayes.

“When its own regulator says a new approach is “urgently needed” it is time for the Federal Government to bite the bullet and launch a thorough inquiry into health insurance.

“The Consumers Health Forum has for five years urged the Government to establish a Productivity Commission inquiry into government assistance of health insurance.

“The falling membership and the frustrating crunch of rising premiums and shrinking benefits provide the Government with compelling grounds to initiate a far-reaching inquiry into private insurance.

“It is worth noting that fund profitability persists while the experience of patients and families struggling with high out of pocket costs for private care are turning people away from insurance.

“Private insurance in Australia has become a ‘lose, lose’ proposition: having paid ever-increasing premiums, members are exposed to yet further out of pocket costs when they do get private care.

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“Given the failure of the key stakeholders, the funds, doctors and hospitals to reach an effective solution to reverse the spiral of decline, it is past time for the Government to intervene.

“APRA has previously expressed its disappointment about the industry’s response to its sustainability challenge, ‘with too many PHIs seemingly waiting for the Government to find a miracle cure’,” as Mr Summerhayes says.

“Both Government and funds should by now have realised there are no miracles in health insurance, just ever-increasing treatment costs that require an all-stakeholder response to avoid industry decay.

“The Government has sought to fix health insurance, but the uncertain results of its measures should now persuade it that only a thorough, independent review and far-reaching changes will provide a lasting solution,” Ms Wells said.

See Geoff Summerhayes’s speech [here](#) .

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