

# Why we need more than a summit to fix health insurance

*Leanne Wells*

Calls by two leading health industry organisations for a summit to discuss private health insurance reform raise a development of significant interest to health consumers.

The Consumers Health Forum has been calling for a Productivity Commission inquiry into the issue of government assistance for private health insurance for some years. We have just launched an Australia's Health Panel [survey](#) to gauge attitudes to private health insurance. We urge interested consumers to complete the survey to help inform our advocacy on this significant part of the health system.

What has fueled CHF's concern has been the unhealthy mix of rising costs and, for many health fund members, dwindling cover. Not only have premiums continued to rise above inflation but significant numbers of patients with private health insurance have been saddled with out of pocket bills running into thousands of dollars. The [Out of Pocket Pain](#) survey report by CHF in 2018 found that gap payments of \$10,000 or more were by no means rare.

Overall, Australians' out of pocket health costs are among the highest in the world. Apart from the painful costs, and despite the gold-silver-bronze categorisation of policies, there is the continuing confusion and uncertainty of health fund policies which continue to flummox consumers.

But an overarching concern about the multi-billion dollar government support of health insurance goes to questions of equity and economics. Is the present government support for the private health sector the most effective way of supporting Australia's overall health needs? Does it weaken Australia's universal health care aspirations when the private health sector profits while public hospitals, used by the majority, languish with long patient waiting times?

Recently the President of the Australian Medical Association, Dr Omar Khorshid, announced that he will call a "national summit" of major stakeholders to push for further reforms of health insurance

Dr Khorshid said that although the Government had started reforms, more was needed to make private health affordable by attracting more younger people,

who are leaving, while older people are joining in droves, placing the critical balance between younger and older members at a tipping point.

He said the time is right to push further reform because the pandemic had driven reforms and barriers have been torn down. Now is not the time to stop.

“The next stage of reform is going to need to involve all other key stakeholders – day hospitals, private hospitals, private health insurers, medical device manufacturers, doctors and, of course, patients. Now is not the time for timid reform – we need significant change to the system.

The Medical Technology Association of Australia (MTAA) has taken up the call from Dr Khorshid.

The private healthcare sector was a vital pillar of Australia’s health system, providing choice and access for patients and taking the pressure off the public hospital system, the MTAA CEO, Ian Burgess, said.

“The MTAA shares the AMA’s concern about the sustainability of the current system given the ageing of our population and the drift away from private healthcare by young people.”

Given the chorus for reform, it is worth briefly reviewing the recent history of health insurance and government support measures. The trend towards above inflation premium rises took hold in the years following the Federal Government’s introduction of a mix of subsidies and regulatory measures to shore up health insurance. The intent was to reinvigorate health fund membership numbers after a steady decline in the 1990s.

The sticks and carrots to stimulate private cover certainly worked to boost numbers. In the early 2000s, membership numbers rose by nearly 50 per cent to cover around 48 per cent of the population. The steady march of premiums however has seen memberships fall back in recent years.

The then government’s argument was that more privately insured patients would take the pressure off public hospital waiting lists. Over the 15 years to 2018, however, waiting times steadily increased, from an average 27 days in 2000/01 to 40 days in 2017/2018. The figures more recently have been affected by the impact of COVID on hospitals.

One of the wicked challenges of policy-making for health insurance has been the diverse, conflicting arguments put by the powerful voices in the private sector --- not least the AMA, health funds and the private hospitals. The mix of vested interests and the confounding nature of private health insurance in

Australia makes it unlikely that a summit of stakeholders will produce a lasting solution.

We see the differing policy agendas at play in the current calls from the AMA and the MTAA. A key AMA's concern understandably is for the incomes of private hospital specialists while the MTAA is concerned about the continued push by health funds to restrain the cost of the growing range of medical prostheses.

But there is one argument on which all of these groups do agree: that the private sector has a fundamental place in Australian health care and the Federal Government is obliged to protect it.

Missing from the argument is the evidence as to how supporting private health is the best way for taxpayers to support an equitable health system that ensures access to quality care for all Australians regardless of means.

That is why a thorough independent inquiry into government assistance to health insurance should be the starting point for reform.

The Australia's Health Panel survey is [here](#).