

MEDIA RELEASE
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Patients and hospitals to suffer from Labor's health insurance cap plan

The Opposition's plan to cap private health insurance rises at 2 per cent for two years has been labelled an unnecessary, premature and unrealistic move by the day hospital industry's peak body.

Day Hospitals Australia Chairperson, Professor Gab Kovacs AM, said the concerning proposal was announced out of the blue and without proper consideration of its implications.

According to Professor Kovacs, the policy would prove to be costly and ineffective because insurers would simply pass on the shortfall to hospitals, medical providers and other service providers.

"Day hospitals are the most cost-effective sector and would be hardest hit," he said.

"In order to preserve their profits, insurers will reduce rebates which will result in reduced medical services to consumers."

While the wide ranging economic impacts were worrying, Day Hospitals Australia found the pre-election proposal to be equally unrealistic.

"We are well aware that the drivers of premium increases relate to the services provided to privately insured consumers and a blanket capping of premiums will have unintended consequences," Professor Kovacs said. "This is likely to deprive insured Australians access to world-best standard treatments.

"If the private sector is to provide the best health care to Australians, more expensive treatments may be required and in order to fund these treatments, premiums will have to rise by more than 2 percent."

Day Hospitals Australia considers the plan unnecessary because the Health Minister must approve health insurance premium increases each year, after assessing all the evidence.

"If a rise was to be limited to a maximum of 2 per cent and this was considered reasonable, the Minister already has the authority to enforce it," Professor Kovacs added.

“However, hospital inflation currently runs between 5.2 and 7 per cent, meaning the Private Health Insurance regulator would have to agree to significant increases, perhaps up to double figures, following the two year cap of two per cent.”

Day Hospitals Australia CEO, Jane Griffiths, added that Labor’s poorly thought-out plan was also premature given a Private Health Insurance Ministerial Advisory Committee was currently in place to examine all aspects of private health insurance reform.

“Changing policy before the findings are released is bad politics and may have a negative, long-term impact on our sector and the health care system in general,” she said.

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About Day Hospitals Australia

As the peak industry body for the day hospital sector, Day Hospitals Australia provides members with support, representation, lobbying and advocacy to improve the health care outcomes for Australian Consumers.

Day Hospitals are represented on various external Government and other stakeholder bodies at a state and national level.

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