



MEDIA RELEASE

Tuesday, December 3 2019

Grattan Institute's Proposals Will Lead to Soaring Private Health Insurance Costs For Older People

Catholic Health Australia, the peak body representing Australian Catholic non-profit hospitals, has today warned the recommendations of a new Grattan Institute report risks driving up premiums for older Australians by removing community ratings for those under the age of 55.

“We all agree there needs to be a serious discussion about the sustainability of private health insurance, but junking a fundamental tenet of Australia’s health system should not be our first step,” said Catholic Health Australia (CHA) CEO Pat Garcia.

“Catholic Health Australia is concerned that any move to a risk rated system for those under the age of 55 would generate higher premiums for young people with chronic disease and mental health issues, leading to those with chronic disease dropping their private health insurance and moving into the public system. This is the last thing public hospitals need right now. ”

The Grattan report recommends a move away from community ratings to allow insurers to introduce an aged based risk rating for those aged under 55. Its modelling shows premiums will fall for younger people. But, CHA warns such a proposal would lead to higher premiums for older Australians as well as for younger people with chronic disease.

Mr Garcia added: “If we value timely access to a sustainable health system and a balanced public/private system that has served Australians well for a number of decades, then we need to start thinking about how to keep people under 40 in private health insurance and encourage younger people to pick it up, without abandoning the community rating principle.

“Grattan’s statements about private health insurance being in a ‘death spiral’, are very unhelpful, and with some well considered reforms, the recent trends can be reversed. They need to be in order to avoid adding pressure on an already over-stretched public hospital system. It’s time we all took a deep breath and revisited the incentives and reforms that have worked in the past. This includes a rational reconsideration of the three key reforms introduced by the Commonwealth in the late 90s when the sector faced a similar dilemma - the Medicare Levy Surcharge, the Lifetime Health Cover and the 30% health insurance rebate.”

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CHA represents the largest single grouping of non-government health, aged and community care services in Australia.