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## Inflammatory APRA comments won't help private health insurance

Inflammatory comments from the private health insurance regulator unnecessarily undermine public confidence in the private health system and propose unworkable policy options that must be rejected, says Australian Private Hospitals Association's (APHA) CEO Michael Roff.

Yesterday, the Australian Prudential Regulation Authority (APRA) Executive Board Member Geoff Summerhayes announced only three health insurers could survive in the current market and called on the Government to consider ending community rating – a key platform of private health insurance in Australia and a differentiating factor from the undesirable and costly American system.

Mr Roff said his comments were 'ill-informed' and potentially dangerous.

"These comments have the potential to damage public confidence in the entire private health sector at a time when the Government is trying to enhance the value of the private health offering through a process of ongoing reform," Mr Roff said.

Furthermore, attempts to abolish community rating would result in massive price increases for older, vulnerable Australians, effectively making health insurance unaffordable for the people who need it most. This would lead to an increased burden on the already struggling public hospital system, increasing waiting times and dissatisfaction with the public system.

Even more concerning is the apparent push by the regulator for health fund consolidation, which would erode Australian's choice and value by reducing the diversity and competition that exists in the current market.

"Far from a declining membership, as Mr Summerhayes claims, we understand smaller health funds have been experiencing increased membership in general, including in younger age cohorts, at the expense of the larger health funds. This would indicate consumers appreciate the choice and value provided by smaller funds, something APRA wants to see removed.

"In addition, Mr Summerhayes comments indicate APRA would like to restrict health insurance coverage for mental illness. This is a key area of Government reform, with the recent changes allowing an immediate upgrade to private psychiatric care proving successful, providing access to mental health treatment for thousands of Australians. We can't afford to go backwards on the provision of mental health care.

APHA continues to argue for practical policy reforms, including the restoration of the full health insurance rebate for low-income earners and adjusting the levels of the Medicare Levy Surcharge to incentivise high-income earners to take up and maintain private health insurance.

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The Australian Private Hospitals Association (APHA) is the peak industry body representing the private hospital and day surgery sector. The private hospital sector treats 4.5 million patients a year, including treatment of a third of chemotherapy, 60 percent of all surgery, 74 percent of all elective musculoskeletal surgery and 80 percent of rehabilitation.