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## Premium increase cap may lead to patient pain

Short term gain may result in long term pain for Australians who put their private health insurance to use if the Australian Labor Party's plan to cap premium increases was to be realised, warns Australian Private Hospitals Association (APHA) CEO Mr Michael Roff.

Mr Roff said while he could see the superficial appeal in a two percent cap for two years, the sting in the tail would be the insurer response that would likely result in increased gap fees.

"With the number of health fund payouts increasing each year, limiting the amount of premium revenue they can collect may lead to pressures that force funds to limit benefit payments.

"The easiest way for funds to do this would be to cut the amount they spend on medical "no-gaps" schemes. Gap cover arrangements are already under pressure and while the Labor plan claims to deliver \$143 in savings for an individual, the removal of gap-cover could easily see this amount more than offset by out-of-pocket costs for doctors' bills," he said.

The winners under the Labor plan would be those who did not use their insurance, while those who need hospital care would take the hit – adding to the affordability crisis.

Mr Roff said there were alternative options that would have an immediate impact on private health insurance premiums that he encouraged the Labor party to consider.

"If Bill Shorten is looking to pull a rabbit out of a hat on private health insurance costs and deliver real and sustainable savings for health fund members, he could start looking at the \$1.5 billion public hospitals rip out of the system each year by "harvesting" privately insured patients who are entitled to free treatment in the public system.

"Ending this practice would lower premiums, reduce waiting lists in the public system and ease pressure on public hospitals. The Australian Institute of Health and Welfare released two reports last year showing that privately insured patients are jumping public waiting list queues, illustrating that the current system is not only unnecessarily pushing up health fund premiums, but is blatantly unfair," Mr Roff said.

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