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Grattan Report 'pea and thimble' trick

The latest proposals from the Grattan Institute suggesting changes to community rating for private health insurance amount to no more than a complex “pea and thimble” trick that on the authors own admission, will result in older Australian’s paying more for their health insurance.

The newly released: ‘Saving private health 2: Making private health insurance viable’ claims to offer solutions to save private health insurance, but would actually do damage, says Australian Private Hospitals Association (APHA) CEO Michael Roff.

“By allowing health insurers to risk rate insurance for those under 55, anyone in this age group who has a chronic health condition, has previously had surgery or who has a history of mental health issues would effectively be priced out of the private insurance market, throwing even more demand on the overburdened public hospital system.

“The proposals rely on illusory savings from the report released last week, when the report authors calculated billions of dollars of savings based on reducing bed days for private patients – ignoring the fact the overwhelmingly private hospitals are paid per episode, not per day.

“This report merely compounds the errors and misunderstandings of the private health sector the authors were so keen to talk about last week.

Mr Roff said there is, however, room for improvement in the current system.

“We have a set of policy measures for private health insurance (the private health insurance rebate, lifetime health cover and the medicare levy surcharge) that have been effective over time, but are now 20 years old. The Australian health system as a whole would benefit from some sensible adjustments to these policies to ensure they are relevant in today’s environment.

“The Grattan Institute’s complex and convoluted proposals would damage both the public and private health systems,” he said.

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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.