

**Victorian public hospital waiting lists under even more pressure if private health insurance affordability is not resolved: full restoration of the Australian Government Rebate a must.**

hirmaa, the peak-body representing eighteen member-owned and community-based private health insurers says long public hospital waiting lists in Victoria highlight the value of holding private health insurance.

“Waiting lists in Victoria for common procedures like cataract surgery and hip and knee replacements are leaving many patients in the public system stuck in limbo”, said hirmaa CEO Matthew Koce.

“The situation is showing no sign of improving and provides another demonstration of why private health insurance is so important,” said Mr Koce. “Too often we take our good health for granted and only realise the importance of health insurance once something goes wrong.”

According to the Victorian Department of Health and Human Service’s annual report, nearly 41,000 Victorians were waiting for treatment as at 30 June 2015, an increase from around 38,000 a year ago.

The latest Australian Institute of Health and Welfare (AIHW) data shows that the average waiting time for a hip replacement in a Victorian public hospital was 105 days. Patients needing knee replacements waited on average 147 days.

The AIHW reports that in 2014-15, 13% of all patients admitted for elective surgery were not done so in the clinically recommended time-frame. Semi-urgent ‘Category 2’ patients that were not admitted in the clinically recommended time-frame had to wait on average an additional 124 days. Non-urgent ‘Category 3’ patients had to wait on average an additional 211 days.

2,091 patients could not be contacted for surgery, including patients that have died whilst left on waiting lists.

“Delays in treatment can result in disastrous consequences for patients and their families. Aside from the obvious long term health effects, delays in treatment can also mean lost income through time off work, going through months of pain and suffering and missing out on quality time with loved ones.”

Having health insurance opens up access to the private hospital network and is the only way to ensure fast treatment and avoid long waiting lists in the public system.

“The official government statistics are unambiguous, quick access to high quality care can only be guaranteed through the private health system,” said Mr Koce. “Patients in a private hospital have the right to choose the doctor of their choice and they will not be left stuck on waiting lists, wondering if they will ever receive treatment.”

While around 45% of Victorians have private hospital cover, growing affordability pressures are causing more and more to reconsider their cover. This could have a devastating impact on public hospital waiting lists by blowing them out even further.

“Cuts to the government rebate combined with tough means tests are hurting the hip-pockets of ordinary Australians trying to do the right thing by themselves and their families, with many being forced to downgrade their private health cover or drop it altogether.”

Two thirds of all elective procedures are performed in private hospitals. Therefore even a small decline in the number of families with Private Health Insurance could have overwhelming consequences for Victoria's already overstretched public health system.

hirmaa's analysis shows that a family on a combined income of \$180,000 with no member over 65 years of age, would pay almost \$500 less annually for a top-cover policy if they were still receiving their full, non means-tested rebate.

Cuts to the rebate added on average another 1.7% to the cost of a policy this year, and 1.4% the previous year. By 2020, it is estimated that the full 30% rebate will be slashed to just 23%.

"The ongoing sustainability of the health system is dependent on a viable private health sector. Therefore it is of critical importance that the Federal Government make haste and end means testing while restoring the full 30% rebate for private health insurance."

"It is quite clear that public hospitals are struggling and just would not cope with a greater volume of elective surgeries," said Mr Koce.

In the 2014 calendar year private health insurers paid \$17.2 billion in benefits that would otherwise have to be paid by government. For every dollar paid to private health insurers in premiums, on average almost 90 cents are paid back to members in benefits.

*hirmaa is the peak industry body for eighteen private health insurers which are member-owned and not-for-profit. In all, the hirmaa funds provide private health insurance for over one million Australians.*

A complete list of hirmaa funds is available at [http://hirmaa.com.au/member\\_funds](http://hirmaa.com.au/member_funds).

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**Financial impact of a means-tested and reduced private health insurance rebate on a \$80 p/week top cover family policy**

Singles Families	<\$90,000 <\$180,000	\$90,001 – 105,000 \$180,000 – 210,000	\$105,001 – 140,000 \$210,001 – 280,000	>\$140,001 >\$280,001
Original rebate	30%	30%	30%	30%
< age 65 Current rebate	<b>27.82%</b>	<b>18.55%</b>	<b>9.27%</b>	<b>0%</b>
Increased annual cost	<b>\$90.69</b>	<b>\$476.32</b>	<b>\$862.37</b>	<b>\$1,248.00</b>
Original rebate	35%	35%	35%	35%
Age 65-69 Current rebate	<b>32.46%</b>	<b>23.18%</b>	<b>13.91%</b>	<b>0%</b>
Increased annual cost	<b>\$105.66</b>	<b>\$491.71</b>	<b>\$877.34</b>	<b>\$1,456.00</b>
Original rebate	40%	40%	40%	40%
Age 70+ Current rebate	<b>37.09%</b>	<b>27.82%</b>	<b>18.55%</b>	<b>0%</b>
Increased annual cost	<b>\$121.06</b>	<b>\$506.69</b>	<b>\$892.32</b>	<b>\$1,664.00</b>

## Impact of the declining Australian Government rebate on private health insurance premiums

