

MEDIA RELEASE

Calls for a MyHealthCover standard to fix private health insurance complexity and confusion

Choosing private health insurance (PHI) has become too complex and must be simplified, says Matthew Koce, CEO of hirmaa, the peak body for 18 member-owned, not-for-profit and community-based health funds.

There are more than 46,000 open and closed PHI products in the Australian market with varying benefits, restrictions and exclusions. Of those, hirmaa estimates that low-cover, exclusionary products account for almost 15 per cent of the Australian PHI market.

While policies with low premiums and tailored benefits may seem like a good idea at first, too often consumers overlook the fine print and find themselves not covered for important medical procedures.

“That could mean you are not covered for spinal fusion, obstetrics, coronary, gastric banding or a range of other important procedures,” Mr Koce says.

The Australian Competition and Consumer Commission’s (ACCC) in October warned that complexity in PHI had caused a decline in consumer engagement, which has rendered the market uncompetitive.

hirmaa is calling on the Australian Government to help curb this worrying trend by introducing a simple-to-understand benchmark for comprehensive health insurance.

“To assist consumers in identifying quality cover, hirmaa encourages the Government to establish a MyHealthCover stamp of approval,” Mr Koce says.

“A MyHealthCover insurance product would cover consumers for all the things a normal person would expect, regardless of their stage of life. That would mean guaranteed coverage for things like coronary disease and obstetrics.

“We all know that our health cannot be predicted from one day to the next, so it is only reasonable that the health insurance industry and government come together to set a new standard for a quality policy.”

“A MyHealthCover standard would reduce complexity and enhance competition between providers as consumers would be better equipped to compare products without confusion over what is covered and what is not.”

hirmaa suggests the full 30 per cent Australian Rebate on health insurance premiums be restored for MyHealthCover policies in an effort to incentivise consumers to take responsibility for their health and reduce pressure on the public health system

Both the public and private sectors have a vested interest in improving consumer engagement in health insurance products. Presently the private health insurance rebate costs the Australian Government \$6 billion annually. However, this cost leverages more than \$17 billion of private health funded benefits every year.

“Incentivising consumers to take out high quality comprehensive private insurance health cover could help reduce dependency on the public system, which costs the Government more than \$140 billion annually and is growing unsustainably,” Mr Koce says.

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 high quality private health insurance for over one million Australians.

A complete list of hirmaa funds is available at http://hirmaa.com.au/member_funds.

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