

MEDIA RELEASE

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Call for higher children/dependent age on family policies

Young Australians could be saving thousands of dollars during a crucial time in their lives if the Federal Government raised the age limit for children and dependents on family health insurance policies.

An alliance of 27 private health insurers is urging the Government to lift the age limit for dependent children on family policies from 25 to 30 years– a move that could save young people five years’ worth of premium costs.

“It is the Government that enforces this age limit, and it is the Government that has the ability to raise it, inevitably helping even more young people remain covered throughout their lives,” said Matthew Koce CEO of Members Health, the industry peak body of not-for-profit and members-owned funds.

“Raising the age limit on parents’ policies would save younger people thousands of dollars a year, especially during a stage in life when cost-of-living pressure start to bite,” Mr Koce said.

The median single Gold hospital treatment policy costs \$2,520 per year before Government rebates.¹ Over the course of five years, that equates to approximately \$12,600 saved.

“That’s money that could go towards paying off HECS and university debt, a deposit for a first home or towards raising a family,” Mr Koce said.

Commonwealth legislation has long restricted the age of children or dependents to 25 years. Over the age of 18 and under 25, health funds are allowed to determine whether an individual’s work, study or relationship status qualifies them as a dependent on a family policy. Raising the age limit to 30 years would have no cost implications for the Australian Government.

Mr Koce said the legislation is out of date, and no longer reflects modern-day family life or cost-of-living pressures, which many young people struggle to overcome during the formative years of financial independence.

In 2017, 56 per cent of men aged 18 to 29 lived with their parents, up from 47 per cent in 2001. For women, the number increased from 36 per cent to 54 per cent.²

“The world is not what it was 30, 20 or even 10 years ago,” Mr Koce said.

“Young Australians now take more time to reach certain milestones – milestones such as completing tertiary study, landing solid employment in their chosen career, affording a first home, marrying or raising a family. These milestones have long defined ‘adulthood’ and provided the foundation for Government policy. It’s time to review those dated perceptions when it comes to health cover.”

Having more young people covered could also help ease the pressure off the public health system’s wait list backlog caused by COVID-19 restrictions, Mr Koce said.

Private health insurance affordability is a widely known problem among younger Australians, despite official data showing they are increasingly presenting for important elective surgeries every year. From 2013-14 to 2017-18, the number of people aged 25 to 40 years’ checking in for elective surgery rose 10 per cent, or by more than 30,000 admissions across all hospitals.³

¹ Median industry wide premium based on prices collected from privatehealth.gov.au at 11 June 2020

² The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 17 p112

³ AIHW Supplementary data tables: Admitted patient care 2013-14 to 2017-18: Australian hospital statistic

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Danielle works two part-time jobs and is one of the 3.7 million Australians with a Members Health fund.

“Basically, when I was taken off my parents’ policy, I only took out extras cover. I had the same attitude as a lot of young people: ‘I’m young, fit and healthy, nothing will ever happen to me’,” she said.

“But I think in today’s day and age, people our age are having more and more issues. All of sudden you get to an age and things start going wrong,” the now 32-year-old added.

“I was diagnosed with endometriosis ... I had to pay out-of-pockets for the first surgery, because I only had extras cover at the time. But that obviously changed.”

“Giving up my private health insurance wasn’t an option.”

“If I didn’t have private cover, I would have to go into the public system where it is generally an 18 to 24-month wait for surgery, even after seeing a doctor.”

Members Health is the peak industry body for an alliance of 27 health funds that are not-for-profit or part of a member-owned group, region or community. They all share the common ethic of putting their members’ health before profit and represent the interests of more than 3.7 million Australians.

Media enquiries:

Jodie Harrison 0425 754 370 jodie@theshannoncompany.com.au

Eddie Morton 0499 700 295 Eddie.Morton@membershealth.com.au

Putting members’ health before profit

A. 601 Canterbury Road, Surrey Hills, VIC 3127 **P.** PO Box 172, Box Hill, VIC 3128

T. (03) 8831 3372 **E.** info@membershealth.com.au **W.** membershealth.com.au **ABN.** 43 358 871 550