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## Time to look at alternative models to private health insurance

With private health insurers now recognising that their product is no longer fit for purpose, the ADA is once again calling on the Government to look at alternative models like Health Savings Accounts (HSAs) to encourage Australians to save for their own care.

Responding to yesterday's call from Medibank Private's chief actuary Andrew Matthews for the federal government to step in and subsidise older and sicker Australians' health, Australian Dental Association President Dr Carmelo Bonanno suggested alternate options to meet the dental needs of an ageing Australian population.

"Many Australians take out 'general treatment' or 'extras' cover in addition to hospital cover, to help pay for their dental, physio or optometry treatment," said Dr Bonanno. "But in reality, they're not getting value for money as benefits paid are not keeping pace with inflation.

"The ADA has repeatedly demonstrated that dental fees are consistently well below CPI - yet benefits paid for treatment under some policies have not increased for years.

"Coupled with increasing premiums, the value from 'extras' cover is not realised. That's why the ADA is recommending that the government introduces tax benefits for individuals who open a Health Savings Account, the same as people currently get for their health insurance premium contributions."

The ADA engaged the Centre for International Economics to prepare a detailed report on the feasibility of introducing HSAs in 2018, similar to the model used in Singapore. The 'Saving For One's Care' Report demonstrated the viability and benefits to individuals of HSAs.

But to make it competitive, the government needs to apply the same tax incentives offered to individuals who take out private health insurance.

"Health insurers are offering a product where consumers are voting with their feet because of a lack of value, despite billions in subsidies.

"Frankly, it's time for a productivity commission review of the system and for a serious look at giving consumers access to a government supported health savings account."

The report ['Saving For One's Care'](#) can be found here.

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