

21 December 2018

Government continues to play Santa to health insurers while acting like Scrooge to consumers

The Federal Government's response to the recommendations from the Senate Inquiry into the value and affordability of private health insurance and out-of-pocket medical costs shows whose side the Government is on and it's not patients!

Heralding the lowest health insurance premium increase in years two days ago as a win for consumers was just a detraction from the real news that they hoped to hide by releasing their response to the Senate Inquiry so close to Christmas when many have already started their holidays.

Speaking in response to the announcement, Dr Carmelo Bonanno, Federal President of the Australian Dental Association, expressed his disappointment about both the premiums and the report claiming that the government continues to give gifts to insurers but nothing to patients.

"Minister Hunt says that the 3.25 per cent premium increase is low. That all depends on what you compare it to. While it is less than previous years, it is high if you compare it to the annual increase in dental fees. This increase is just a gift to the health insurers. It is offered without any expectation that health funds will increase their rebates. So, consumers pay more for the product but get miserable rebates in return."

Analysis by the Australian Dental Association has found that private health insurance premiums have increased by almost 27 per cent over the five years to June 2018 compared to health inflation of 21 per cent and dental cost growth of 8 per cent. For the year to September, the ABS reported that dental costs increased by just 0.8 per cent. Over the same period, CPI grew by 1.9 per cent and overall health costs grew by 3.2 per cent – which is actually below the premium increase.

Despite industry spin on rebates, the major 'for profit' providers are extremely profitable. According to data from the Australian Prudential Regulation Authority, some 'for profit' health funds are generating returns on equity of over 30 per cent.

"Compare this to the major banks at around 12 per cent and you can see just how much money these companies are making for their shareholders – at the expense of Australian health consumers", said Dr Bonanno.

The Australian Dental Association – along with other major health and consumer organisations – has called on the Federal Government to launch a Productivity Commission Inquiry into private health insurance.

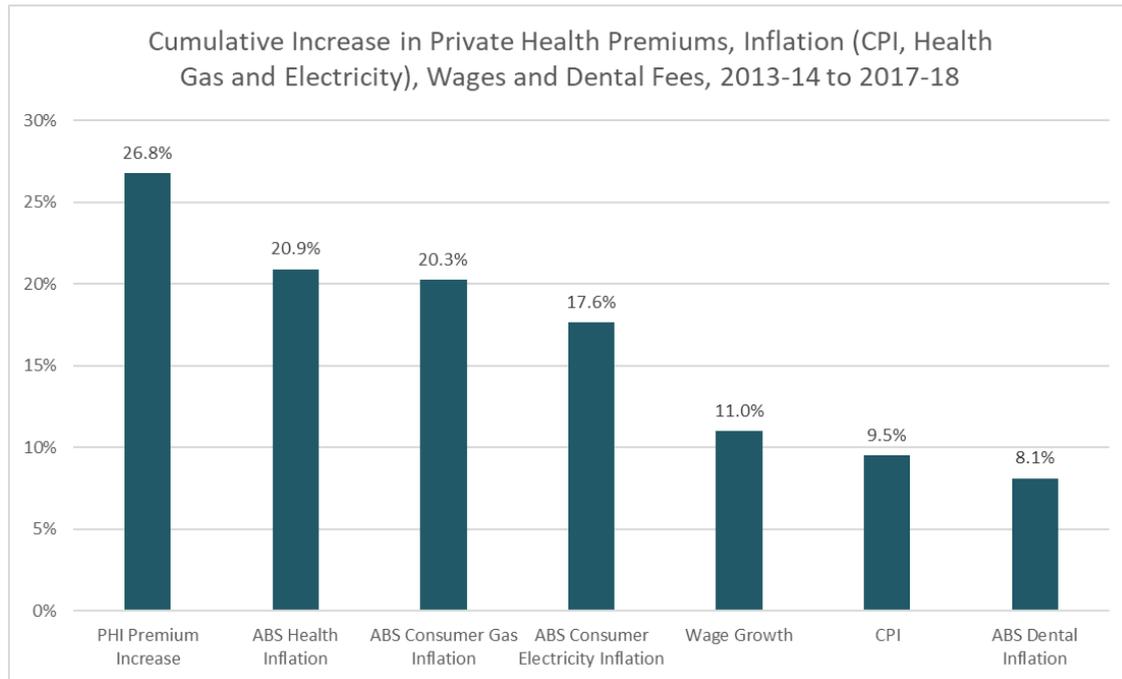
Responding to the government's response Dr Bonanno added, "Yet again the government fails to listen to the concerns around extras and discriminatory rebates. Consumers are not getting choice through preferred provider schemes, if they had choice, they would be able to choose their practitioner and not be forced to go to the cheapest provider."

Dr Bonanno concluded by saying "The only ones who should be celebrating this Christmas are private health insurers."

Interviews available with: Dr Carmelo Bonanno, ADA President

- www.facebook.com/AustralianDentalAssociation
- www.facebook.com/HealthyTeethAustralia
- [@Aus_Dental](https://twitter.com/Aus_Dental)

Figure 1: Five Year Increase in Private Health Insurance Premiums Compared to Other Costs To June 2018



Sources:

Commonwealth Department of Health
<http://www.health.gov.au/internet/main/publishing.nsf/Content/privatehealth-average-premium-round>
 Australian Bureau of Statistics – 6401.0 – Consumer Price Index, Australia, June 2018

Figure 2: Private Health Insurer Returns on Equity 2017-18

\$000	Surplus After Tax Reported by APRA	Health Benefits Fund Capital Reported by APRA	Return on Equity
All Health Insurers	1,364,805	8,212,300	16.6%
BUPA	409,489	644,106	63.6%
Medibank Private	459,736	1,499,976	30.6%
NIB	115,477	322,164	35.8%

Source: Australian Prudential Regulation Authority (APRA) – Operations of Private Health Insurers Annual Report 2017-18

<https://www.apra.gov.au/publications/operations-private-health-insurers-annual-report>