National Seniors AUSTRALIA

MEDIA RELEASE

Survey shows gross underestimation of private health impacts

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National Seniors Australia (NSA) is calling on parliamentarians to oppose the cut to the higher Private Health Insurance (PHI) Rebate for people aged 65 and over as a new survey shows older people are considering dropping or downgrading their cover, putting public and private health systems at risk.

NSA's survey of 2000 participants reveals 8.4% are considering dropping their hospital cover entirely and 12.5% are considering downgrading their cover to manage potential cost increases from changes to the PHI Rebate. If these survey results were reflected in the wider population, it could see up to 270,000 people drop their cover and up to 400,000 reduce the level of their cover – much higher than government estimates.

"Our survey results are concerning. They show seniors have already dropped and downgraded private health cover in response to price pressures over the past two years, and worryingly, many are considering these strategies in response to the rebate cut. If that happens, the sustainability of both private and public health could be at risk," NSA Chief Executive Officer Mr Chris Grice said.

"National Seniors Australia (NSA) has called on parliamentarians to join Deputy Leader of the Opposition, Shadow Minister for Health and Aged Care and Senator for South Australia the Hon Anne Ruston, Independent Member for Mayo Ms Rebekha Sharkie MP and Independent Member for Kooyong Dr Monique Ryan MP to reject the proposed cuts to the rebate before private health becomes unaffordable.

"Even before these cuts were announced, older Australians were struggling to afford private health insurance, with many 'scrimping and saving' to keep it," Mr Grice said.

"While some will do anything to keep private health insurance and begrudgingly absorb the increase, this might be the straw that breaks the camel's back, especially for seniors on lower incomes.

"Older Australians have paid premiums for decades, in some cases their whole working lives. They're already struggling to afford it and doing everything possible to keep it.

"The cuts could push people to downgrade their cover, potentially leaving them underinsured when they need it most. And at the same time add pressure to an already stressed public hospital system.
NSA is especially concerned about pensioners, who we know are more likely to either drop their health insurance or be forced to make savings elsewhere.

"Long before this cut was announced, NSA questioned the value of private health; and recommended an inquiry into the private health system and for the PHI rebate to be increased for older people with limited means. That call has become more urgent," Mr Grice said.

"In addition, we must urgently identify ways to reduce health inflation and improve value for all policy holders. If we can find efficiencies to drive down premiums, this will reduce the cost of the rebate. A win, win situation."

Ms Sharkie said she strongly supported National Seniors' campaign and would continue to advocate for older Australians facing higher health and household costs.

"This is a significant hit to older Australians at a time when many are already struggling to make ends meet," Ms Sharkie said.

"Many older Mayo residents have contacted me to say they simply cannot cut anything else from their household budgets. They are telling me they're being left with the impossible choice of cutting back on essentials or giving up their health insurance. That's an appalling choice to have to make."

"This isn't just a cost-of-living issue, it's a warning sign for the sustainability of our entire health system. Health and aged care are two sides of the same coin, and a short-sighted policy decision in one area can have a dramatic impact across the whole system," Senator Ruston said.

"When older Australians are forced to downgrade or drop their private cover, that pressure doesn't disappear, it lands on our already stressed public hospital system. It lands hardest on rural and regional Australians, who already face the longest waits and the fewest alternatives.

"Older Australians waiting longer for surgeries like joint replacements will only add more pressure to an aged care system that is already making people wait months, if not years, for the care they need."

NSA survey results

Are you considering making any changes to manage costs of the change to the rebate proceeds? (n=2042):

- Yes, increasing my hospital excess = 8.5%
- Yes, reducing my level of hospital cover = 12.5%
- Yes, dropping my hospital cover entirely = 8.4%
- Yes, reducing my level of extras cover = 13.7%
- Yes, dropping my extras cover entirely = 9.5%

During the last two years did you make any changes to your private health cover to make the cost more manageable? (n=2058):

- Yes, I increased my hospital excess = 10.6%
- Yes, I reduced my level of hospital cover = 9%
- Yes, I dropped my hospital cover entirely = 0.8%
- Yes, I reduced the level of my extras cover = 6.2%
- Yes, I dropped my extras cover entirely = 2.9%

<u>Estimate the real cost of the cut to the rebate</u>

To help people can see how the rebate cut could impact their policy, NSA has developed a health insurance rebate cut estimator. Government says the average increase from the cut will be $250 a year. This could be more than $1000 a year for a couple with Gold cover.

More than 2.6 million Australians aged 65+ have hospital cover. More people have Gold plans which cover surgeries including joint replacements. For these people, the impact will be much higher than the average. Around 40,000 people have visited the estimator since the cuts were announced.

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