

Direct the Productivity Commission to conduct a full review of the private health system to suppress rising health costs and their impact on inflation.

Overview

- In 2018, Federal Labor's policy in Opposition was for the Productivity Commission to conduct a full review of the private health care system.
- The Productivity Commission (through its precursor, The Industry Commission) last undertook a full review of private health insurance in 1998. Despite several subsequent government and industry reviews and processes, including the ACCC PHI Ombudsman and the PH Ministerial Advisory Committee (2016 – 2018), private health insurance holders continue to face a never-ending cycle of premium increases, product limitations and soaring out-of-pocket costs.
- The rising cost of hospital admissions, technologies and specialist fees are pushing up premiums for patients and contributing to overall inflationary pressures in the economy.
- It is time for government to undertake a systemic review with the view to redesign the private health care system with fit-for-purpose policy settings.

WHAT ARE WE CALLING FOR?

- A reference to the Productivity Commission to undertake an in-depth inquiry into the private health care system with a particular focus on the:
 - Growth of private health insurance premiums and out-of-pocket expenses
 - Value and scope of product offerings covered by private health insurance
 - Reforms needed to minimise premiums and out-of-pocket costs
 - Reforms needed to suppress price inflation in the private health care sector.

Budget Impact

- In 2022-23, the Productivity Commission completed seven inquiries and other government commissioned projects. The cost of these inquiries and projects ranged from \$1.3 – \$5.3 million.
- As we are recommending a full and comprehensive inquiry, into what is a complex system, it is likely the cost to government would be towards the upper end of previous inquiry costs.

