

Opening statement – Private Health Insurance Amendment Bill Hearing

CHOICE appreciates the opportunity to present today to the Senate on the Private Health Insurance Legislation Amendment Bill 2018 and related Bills.

CHOICE is Australia's largest consumer organisation. We are not-for-profit, entirely independent and exist to advance the interests of consumers.

We play a unique role in the market because we offer the only service--besides the government's website--that helps consumers to compare health insurance policies across the market. We have many years of experience analysing and comparing health insurance policies, and helping consumers to make choices.

Part of our interest in this issue is because consumers tell us it is important. We regularly survey consumers on cost of living concerns, and health and medical costs, including out-of-pocket expenses and private health insurance, continue to remain a major concern for a large group of people. In March 2018, 77% of people were concerned about the cost of private health insurance, making it the second largest concern after electricity costs.

While costs are increasing, people do not believe the value of private health insurance is similarly increasing. Only 33% of private insurance holders surveyed by CHOICE believe they receive good value for money, while 67% believe that the policies they hold are average or poor value for money.

We commend the Government's initiative to address issues associated with private health insurance. Offering travel and accommodation benefits for regional Australians will help address inequalities faced by these consumers where access to private health services and benefits is either restricted or non-existent. CHOICE also supports strengthening the powers of the Private Health Insurance Ombudsman.

However we are concerned that the proposed reforms will not address issues in relation to price, value and complexity and fall short of delivering real and meaningful change to the millions of Australians with private health insurance.

Our two primary concerns include;

- Age-based discounts to young people; we believe that these will not work as a mechanism considering the number of young people already dropping out of PHI and believe the premise that young people should have to subsidise PHI for all Australians needs to be further investigated.
- Weaker information provision requirements are also a key concern. Clear information on policies is essential so that consumers are able to understand what they are covered for and are able to compare policies side-by-side. Allowing insurers to provide a private health information statement only on request and providing no requirement for this information to be standardised will not help reduce the confusion people have in relation to PHI.

In summary, we welcome attention to problems in private health insurance but this package of measures isn't enough. A much broader review is possible if we are to restore consumer trust in what is a broken market.