



Day Hospitals Australia's Submission to the Community Affairs Legislation Committee

For inquiry and report by 13 August 2018:

- [Private Health Insurance Legislation Amendment Bill 2018](#)
- [A New Tax System \(Medicare Levy Surcharge—Fringe Benefits\) Amendment \(Excess Levels for Private Health Insurance Policies\) Bill 2018](#)
- [Medicare Levy Amendment \(Excess Levels for Private Health Insurance Policies\) Bill 2018](#)

Submitted to: Community Affairs Legislation Committee
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Day Hospitals Australia (previously known as the Australian Day Hospital Association) is the peak industry body representing the private stand-alone day hospital sector.

As the sector has developed, it has been able to provide an efficient, cost effective service to consumers, without compromising outcomes or patient satisfaction. Increasingly many surgical, diagnostic and medical treatments, previously carried out only in overnight hospitals, are being performed in standalone day hospitals. In keeping with other Western countries, day hospitals have become a growing part of the health service infrastructure in Australia. More and more patients are choosing to have their treatment as day patients, wherever this is possible. The benefits, particularly in relation to costs are considerable. Day hospital patients are now able to spend more time at home with their families before and after their treatment.

In recent times, there has been a continuation of the trend, by major health insurers, not to contract with new day hospitals, despite the significant advantages to the patient and lower costs for the private health insurance fund. In some cases the patient's specialist medical practitioner may only provide hospital treatment in a day hospital. The current contracting environment, and the behaviour of some health insurance funds regarding contractual agreements reduces the choices that the consumer has when selecting a hospital for their treatment.

The importance of the Second Tier Default Benefit to the day hospital sector and consumers who choose to have their treatment in a day hospital, cannot be understated.

Day Hospitals Australia welcomes the Private Health Insurance reforms announced by Minister Hunt in October 2017.

The Private Health Insurance Legislation Amendment Bill 2018

This provides the consumer with an option to reduce their annual private health insurance premiums, by facilitating an increase on the current voluntary maximum excess levels allowable on health insurance policies.

The ability for private health insurance funds to implement an aged based premium discount is recognised as a positive strategy, to encourage younger Australians into private health insurance. This would then assist to increase the pool of insured Australians with a group of consumers that may not previously have considered the benefits of private health insurance. The necessary changes to the Age Discrimination Act 2004 have our support, to enable private health Insurance discounts for younger Australians

Day Hospitals Australia supports the inclusion of travel and accommodation costs coverage as part of hospital treatment for rural Australians who often are required to travel considerable distances to receive the appropriate medical care.

Currently there is a lot of confusion over private health insurance policies and the introduction of a requirement for a *'private health information statement'* by private health insurers is definitely overdue and will provide the consumer with some certainty around the health insurance product that they purchase.



The reforms around the Second Tier Default Benefit are most welcome and will continue to provide the Australian consumer with real choice of hospital and in some circumstances medical practitioner, as well as protecting the more vulnerable day hospitals.

Day Hospitals Australia welcomes the proposed changes to the Ombudsman Act 1976 that will increase the powers of the Private Health Insurance Ombudsman to conduct inspections and audits at the premises of insurers or brokers.

A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Amendment (Excess Levels for Private Health Insurance Policies) Bill 2018.

Day Hospitals Australia supports this bill, which will allow for the proposed increase in excesses on private health insurance policies to assist in the reduction of premiums and the associated amendments to the A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999.

A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Amendment (Excess Levels for Private Health Insurance Policies) Bill 2018 –Medicare Levy Amendment (Excess Levels for Private Health Insurance Policies) Bill 2018

Day Hospitals Australia supports this bill which will involve an amendment to the Medicare Levy Act 1986 allowing the new capped excess amounts for complying health insurance policies.

In conclusion, Day Hospitals Australia appreciates the opportunity to contribute to the Community Affairs Legislation Committee Inquiry into the proposed private health insurance reforms.

Should you wish to discuss any of the above in more detail, please do not hesitate to contact me directly [REDACTED]. Please note I will be overseas from the 1 July – 5 August 2018 inclusive, and accordingly during this period please contact Debbie Pantany [REDACTED]

Yours sincerely

Jane Griffiths
Chief Executive Officer

July 2018