

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 2010-2011, 23 & 25 February 2011

Question: E11-241

OUTCOME 9: Private Health

Topic: 2011 PREMIUM ROUND

Written Question on Notice

Senator Fierravanti-Wells asked:

- a) Was the 14.23% increase in the cost of premiums by Australian Unity, which was 8.45% greater than the average increase announced by the Minister on 1 April 2010, approved by the Minister? ‘
- b) If so, why did the Minister approve such a drastic increase?
- c) What action will the Minister be taking to ensure that they same or similar price rise will not occur this year?

Answer:

- a) The Minister for Health and Ageing approved an average premium increase of 4.91% for Australian Unity, which was 0.87 percentage points lower than the industry average increase (5.56%).
- b) Under Section 66-10(3) of the *Private Health Insurance Act 2007*, premium increases must be approved unless they are not in the public interest. The Minister considers premium increases to not be in the public interest unless they are the minimum necessary to ensure insurer solvency, support benefits outlays, and meet prudential standards concerning capital adequacy, while also ensuring the affordability and value of private health insurance as a product. More information concerning the premium approval process and outcomes of the 2011 premium round is available on the internet at: <http://health.gov.au/internet/main/publishing.nsf/Content/privatehealth-summary-premiumincreases>
- c) Future premium increases will be assessed and approved on the basis that they are the minimum necessary (see answer to b)).