

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome: 2, Program: 2.1

Topic: Medibank

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Senator BERNARDI asked:

Senator BERNARDI – I accept that. Would you be prepared to provide me with an idea of how prevalent you think fraud is across the private health insurance industry?

Mr Savvides – I can take it on notice and provide you with a report that gives you greater insight into what components, whether they be dental or physio, are the source of the frequency and a bit of an understanding of the kinds of scale that we are talking about. I can provide that on notice.

Answer:

In relation to ancillary benefits, the Australian Health Insurers Association (AHIA) Fraud Committee has indicated that there is approximately a 3 – 5% benefit leakage (benefit leakage is a measure of fraud). Medibank's experience indicates this leakage is slightly under 3%.

In relation to hospital benefits, the AHIA Fraud Committee has indicated that there is less than 1% in benefit leakage. Medibank's experience has indicated approximately 0.5% leakage.