

# ***DOCTORS REFORM SOCIETY***

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The proposed increase in the Private Health Insurance Rebate is further evidence for the continuing and increasing economic irresponsibility and lack of concern for equity underlying the taxpayer support of the PHI rebate. The previous evidence presented to the Senate Committee on A Fairer Medicare is even more relevant in this context.

Since the rebate was introduced, premiums have risen faster than inflation. When that happens, it means that each year patients are finding PHI less affordable. If this continues, then the only way to maintain the affordability of PHI at the level it was when the rebate was first introduced, will be to continually increase the PHI rebate percentage. Thus, in 10 years time, given the rapidly increasing cost of hospital care, it may be that to offer people the same level of affordability of PHI as when the rebate was introduced, that the rebate will have to be 100%! This is obviously ridiculous but it is the direction in which we are headed.

This particular proposed increase however, fails on another count. It is aiming to attract the particular group with the highest health needs ie the elderly. This will have no downward pressure on premiums, (as the 30% rebate was supposed to do). In fact it is more likely that it will result in immediate upward pressure on premiums.

The rebate is flawed.

1. It has failed to exert downward pressure on premiums as promised
2. It has failed to significantly affect waiting lists in public hospitals despite its huge costs
3. It has diverted funds from public hospitals which are much more efficient users of funds than private hospitals
4. It has led to an expansion of procedures in private hospitals which require doctors and nurses who can only have come from the already understaffed public system.
5. It has given 'choice' to less than 45% of the population. The majority have suffered the consequences of continuing resource shortages in the public sector.

The proposed increases to the PHI rebate do nothing to address these basic flaws. As indicated above, they exacerbate them.

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President