

## Media Release

Wednesday, 4 May 2011

### Means testing private health rebate doesn't make sense

- Australians choosing private hospital care would pay more
- Australians dropping health insurance would join longer public hospital waiting lists

**Australia's third largest private hospital operator, St John of God Health Care, has added its weight to calls for the Federal Government to scrap any proposed means testing of the 30% rebate on private health insurance.**

The Group Chief Executive Officer of St John of God Health Care, Dr Michael Stanford, said that if, as widely expected, the Federal Government announces a means test on the rebate in next week's Budget, both private and public patients would be adversely affected.

A Deloitte report published today by the Australian Health Insurance Association estimated that in the first year of means testing, 175,000 people would drop private health cover and a further 538,000 would downgrade their cover.

"This would only be the start of a vicious cycle. As more people drop out of or downgrade their cover, health insurance premiums would rise 10% higher than otherwise expected over five years due to declining membership and premium increases. Doing this at time of increasing health care costs and increasing demand from an ageing population makes no sense," Dr Stanford said.

"The private health sector, an integral component of the Australian healthcare system, is highly efficient and productive and offers high quality care, and as such the Federal Government should be encouraging it to do more work, not less."

Dr Stanford noted that the Australian Government's 2009 Productivity Commission report on public and private hospitals showed that private hospital care per patient cost at least 3% less than the same care in public hospitals. "It makes no economic sense for a government to withdraw funding from a highly efficient sector and require states and territories to commit increased funding to a less efficient sector," he said.

"Australia is recognised for its complementary model of healthcare where the significant efforts of both the private and public sector, which often work together, ensure better and more equitable access to health care services for all," Dr Stanford said.

"If there is a failure to support – or at worse active discouragement – of those Australians who can or are willing to contribute to their own health care, then the health of all Australians, but particularly those most at risk, is likely to be at greater jeopardy."

St John of God Health Care is a Catholic, not for profit health care group operating 13 private hospitals (2,022 beds), 7 in regional areas, in New South Wales, Victoria and Western Australia. The organisation reinvests revenue in improving the health of Australians by increasing facilities and services, investing in technology and providing a range of health services – at no or minimal cost - to people experiencing disadvantage.

**Media Contact:** Fiona Athersmith on 0421 941 053 - Dr Stanford is available for interview