

Whilst medical specialists have been working hard to continue to deliver healthcare safely during the pandemic, some health insurers have been working to undermine the quality of the Australian Health System. This is based on a number of myths, used to justify increasing health insurance premiums.

## Myth: Australia spends too much on health care

Fact: Of high-income countries, Australia spends the second lowest, as a proportion of Gross Domestic Product (GDP). Despite spending the second lowest, we rank highest in terms of equity and health outcomes and 3<sup>rd</sup> best in the world overall<sup>1</sup>.

Figure 1<sup>1</sup>

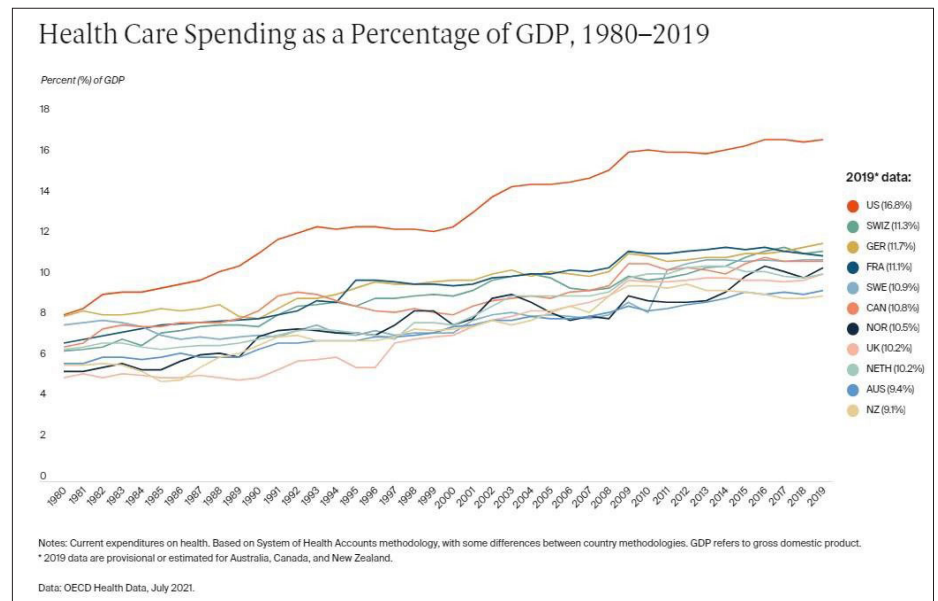
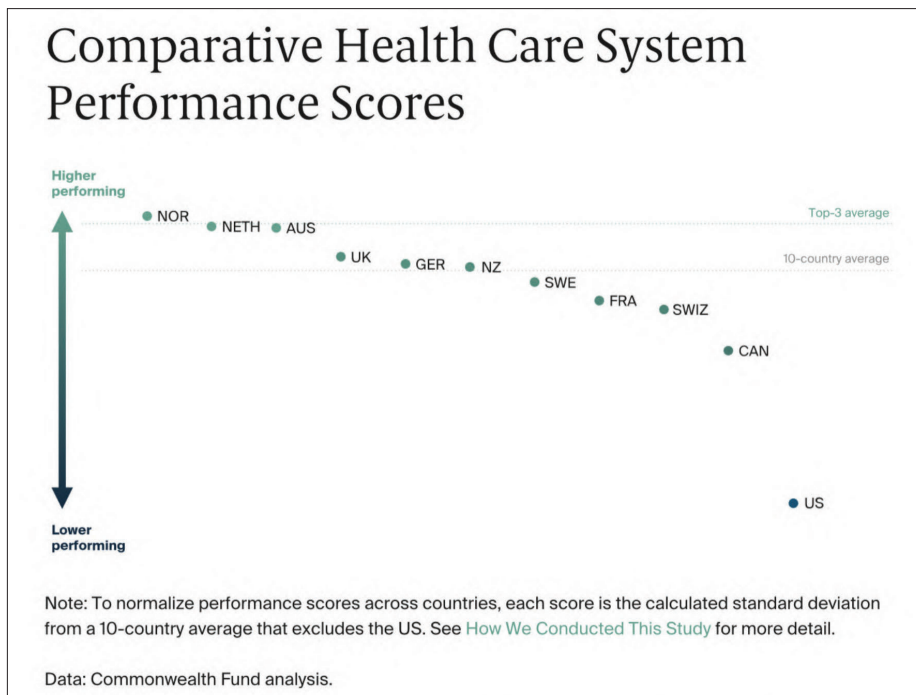


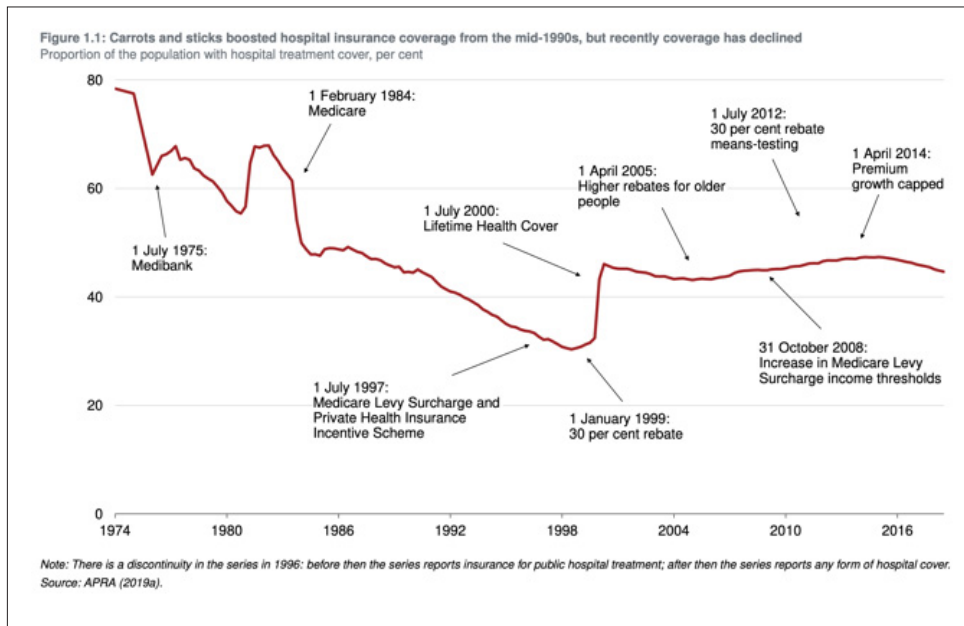
Figure 2<sup>1</sup>



## Myth: The Cost of Australian Health Care is Rising Out of Control

Fact: Over the financial year 2015-2016 non-government health expenditure grew at 3.6%<sup>2</sup>. The expected increase due to our ageing population was 3.3%<sup>3</sup>. So growth has been close to expectations.

Figure 3<sup>4</sup>



**Myth: Private Health Insurance membership is declining.**

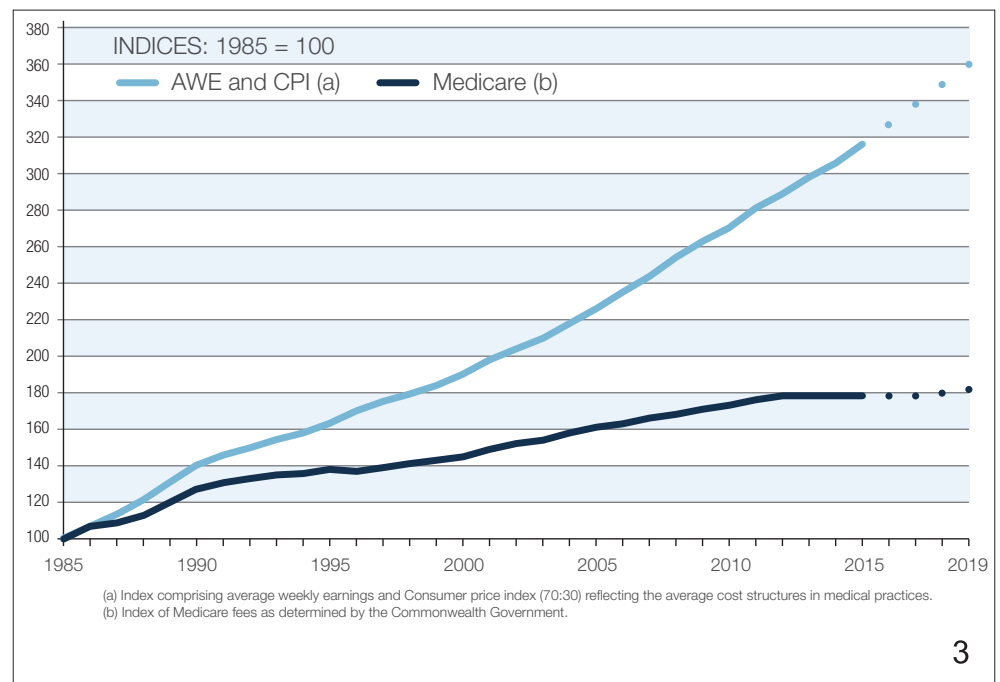
**Fact:** For the past 20 years health insurance rates have been fairly stable but over the past year membership has spiked due to Covid health concerns. In 2021 Medibank Private lifted net membership by 82,500, or 4.6%<sup>5</sup>.

**Myth: Doctors are to blame for rising health costs.**

**Fact:** Out of Pocket (OOP) expenses for hospital care are low – about 11% of all OOP expenses! This 11% includes hospital accommodation fees, the cost of prostheses and not just specialists' fees<sup>2</sup>.

95% of Medicare services are billed at no-gap. Medicare rebates have not been indexed with inflation.

Figure 4<sup>6</sup>



## MEANWHILE...

**FACT:** Private Health Insurance premiums have risen much greater than wage growth<sup>7</sup>.

**FACT:** There are more health insurance policies with exclusions, excesses and co-payments than ever before<sup>7</sup>.

**FACT:** The for-profit health insurers have been very profitable. Profits almost doubled in the last financial year to \$1.5 billion. This is in addition to the \$1.4 billion deferred claims liability to cope with COVID<sup>8</sup>.

Medibank Private Board member remuneration increased by 9.5% per year over the last 5 years. "Management expenses" increased by \$600 million over the last 5 years<sup>9</sup>.

## Why the Lies?

Private health insurance companies such as nib health and Medibank Private are introducing Managed Care into Australia. They wish to contract doctors. This will lead to insurance companies controlling costs by controlling treatment decisions.

Figure 5<sup>7</sup>

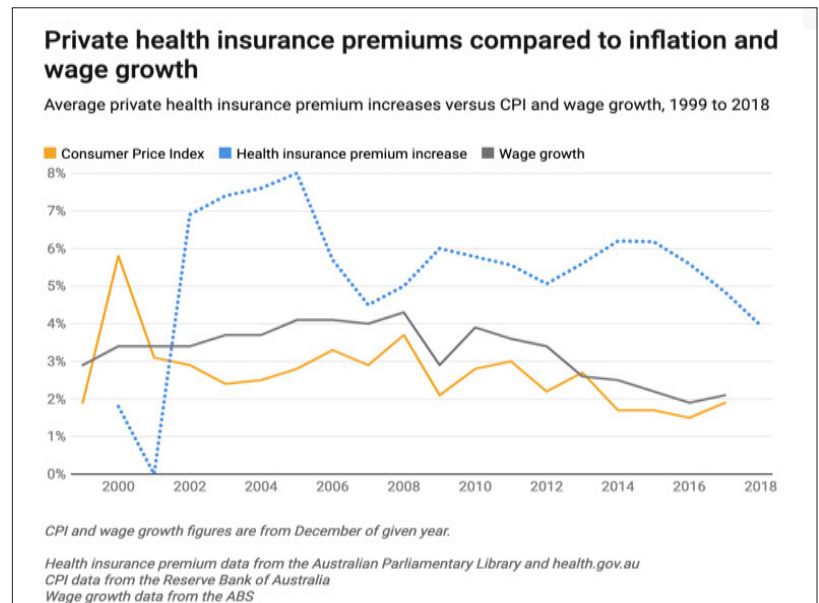
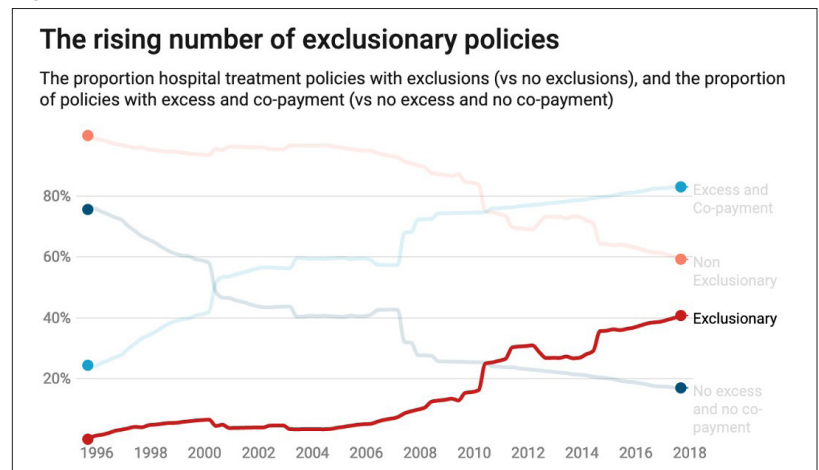


Figure 6<sup>7</sup>



**Ensure your doctors remain independent.  
Write to your MP.  
Consider switching funds.**

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9. Charles Maskell-Knight. To tackle private health insurance costs, look at fund management expenses – Croakey Health Media. Accessed October 1, 2021. <https://www.croakey.org/to-tackle-private-health-insurance-costs-look-at-fund-management-expenses/>

The ASA has developed this Position Statement based on current evidence and may be subject to change as more information becomes available. It is intended for anaesthetists in Australia and is version 1, promulgated 01/10/2021.

For the latest version, please visit <https://asa.org.au/members-advocacy/>

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