



# ‘Modest growth’ in private health cover

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New figures defy dire predictions that changes to the Medicare levy surcharge would lead to an exodus from private health funds, according to the Federal Government.

The Private Health Insurance Administration Council reported yesterday more than 11 million Australians had private health insurance in the December quarter.

About 54,000 more people had insurance – a 0.1 percentage point increase on the revised figure three months earlier.

Almost 45 per cent of Australians were covered by private hospital insurance – the highest level since December 2001.

Health Minister Nicola Roxon said the modest growth showed the sector was strong and was an encouraging sign given the global financial crisis.

“This is the first release of membership figures for the period since the confirmation of the Medicare levy surcharge changes, and the second full quarter since the changes were announced last May,” Ms Roxon said.

“This growth in membership

**POSITIVE:** Nicola Roxon says the figures are an encouraging sign.



comes despite widespread claims of a risk of dramatically slumping membership and the crumbling of our public hospitals in the aftermath of these changes.”

But Opposition parliamentary secretary for health administration Mathias Cormann said it was too early to assess the impact of the change to the Medicare levy surcharge.

“This measure was only passed by the Senate in the middle of October last year and hasn’t had enough time to work its way through the system yet,” Senator Cormann said.

“So I think it’s a bit early to come to any rash conclusions.

“And most importantly, we haven’t had . . . a round of premium increases yet.”

Australians without private health cover pay the 1 per cent surcharge

once their income exceeds a certain level.

The Government was forced to scale back plans to lift the thresholds after the Senate rejected the proposal originally outlined in the last budget.

It intended to raise the thresholds from \$50,000 to \$100,000 for singles and \$100,000 to \$150,000 for couples – the first change since the Howard government introduced the surcharge more than a decade ago.

The Government was forced to compromise, setting the new thresholds at \$70,000 for singles and \$140,000 for couples.

About 250,000 Australians will receive a tax cut.

Treasury expects 492,000 people will dump their insurance as a result of the change that takes effect this financial year.

Ms Roxon had warned private health funds against using the variation as an excuse to increase their premiums

Insurers have already lodged their annual applications and Ms Roxon is expected to announce the outcomes in coming weeks.

Senator Cormann predicted Ms Roxon would approve higher than average increases to premiums.