



Media Release

Senator Mathias Cormann

Liberal Senator for Western Australia

27 August 2008

Medicare Levy Surcharge change will hurt most vulnerable

The Rudd government's plans to increase the Medicare Levy Surcharge will impact on the most vulnerable in the community by forcing private health insurance premiums up and blowing out public hospital waiting lists.

A dissenting report by Coalition Senators on the Senate Economics Committee has revealed that the change would lead to:

- a dramatic fall in the number of Australians with private health insurance;
- significant additional increases in private health insurance premiums;
- over time large numbers of older Australians being forced to abandon private health cover;
- additional and unsustainable pressure on our public hospitals with even longer waiting times and waiting lists, particularly for elective surgery.
- a dramatic fall in private capital investment in new hospital capacity; and
- reduced health care services to rural and regional Australia.

Liberal Senator Mathias Cormann said the evidence of the harmful effects of this measure was overwhelming.

“The private health sector, economic modellers, State health officials and even the Government's own Treasury officials all agreed there would be a massive exodus from private health.

“The measure will rip around \$3 billion out of the health system, but the Rudd government has offered the States no extra money to cope with the additional demand on their public hospitals.

“Even if they did offer extra money, State Labor governments are saying there isn't enough additional capacity in the public system to meet the demand.

“That means longer waiting lists and less investment in new medical technologies. Longer waiting lists at public hospitals mean the neediest in our community will suffer the most.”

Senator Cormann said the government had not thought through the long term implications.

“This supposedly delivers \$300 million in savings to the government. But even that figure is illusory as the government has chosen to hide additional costs in its contingency reserve.

“The long term damage this measure inflicts is enormous. As people desert private health cover, funds will be forced to put their premiums up.

“The elderly, pensioners, single income families and those on fixed or low-incomes will simply not be able to afford to keep their private health cover, even though they are the ones who need it most.

“They'll be forced out and will have to take their chances on the public hospital waiting lists.

Senator Cormann said if the government had nothing to hide it would commission the Treasury to do a full economic analysis and conduct modelling of the second round effects of this measures on public hospitals and private health insurance premiums.

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