



Media Release

Senator Mathias Cormann

Shadow Parliamentary Secretary for Health Administration

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NOW NOT THE TIME TO PUT MORE PRESSURE ON PRIVATE HEALTH PREMIUMS!

The global financial crisis will further worsen the impact of the Government's Medicare Levy Surcharge changes on our health system according to Shadow Parliamentary Secretary for Health Administration Mathias Cormann.

"The global financial crisis will have a significant impact on health fund investment returns, which will put pressure on premiums moving forward," Senator Cormann said.

"This is not the time for the Government and Senator Fielding to force up premiums by a further 5-10 percent, through an ill-considered bad public policy measure like the proposed Medicare Levy Surcharge change," he said.

"The government's proposed changes will push up the price of health insurance premiums and result in significant additional pressure on our public hospitals.

"This will put particular pressure on older Australians, forcing them to either pay significantly more for their private health insurance, or to join public hospital queues.

"Many will leave private health - 583,000 Australians according to the Government - up to a million Australians according to industry experts.

"There are serious concerns that this will only be the beginning of a new downward spiral in private health insurance membership similar to the one we experienced in the eighties and early nineties.

"The suggestion that this measure will result in a saving to government is a furphy.

"The Government has hidden the true cost of this measure in its contingency reserve," Senator Cormann said.

"Treasury and Health officials confirmed during our Senate inquiry that they did not include the impact of future premium increases as a result of this measure in the budget estimates.

"They allocated it to the contingency reserve instead.

"All it takes is a 2.5% additional increase in private health insurance premiums to completely wipe out any supposed saving from this measure," Senator Cormann said.

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