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News release

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Refer Health Insurance Hikes to ACCC – Institute

Rises in health insurance premiums should be referred to the ACCC as a matter of urgency, Australia Institute Director Dr Clive Hamilton said today.

“It is time the health insurance industry had an umpire beyond political influence,” he said.

Dr Hamilton said the ACCC was independent of political pressure from the powerful health insurance lobby and therefore in a much stronger position to give expert advice on whether consumers were getting a fair deal from the health funds.

“The extent of concern on this issue means that decisions on premium rises should not be left to Ministerial fiat,” Dr Hamilton said. “It is in the Government’s own interest to bring some independence to the decision-making.

“This is even more important given that further large rises in premiums are expected over the next 3-4 years.”

The Labor Party has said that the Health Department documents show that before the last election the Government planned for a 23.4 per cent increase in premiums over four years.

Last October, The Australia Institute released research showing that the rising costs of tax subsidies to private health insurance are squeezing funding from the public hospital system. The Institute has published three major research papers on finances and the health system, including analysis of the distributional impact of the 30% private health insurance rebate.

“Thorough, independent analysis is needed to ensure that consumers are not paying too much for health insurance,” said Dr Hamilton. “The 30 per cent rebate, costing the taxpayer over \$2 billion each year, was supposed to see premiums fall. Instead, they have risen and are expected to keep rising.

“The ACCC recently completed an inquiry into general insurance premiums. Health insurance is just as important and it is well within the purview of the Commission to investigate this major industry.”

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